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ABSTRACT

A committee examined the number, type, and quality of work and training opportunities available for heads of households under Maine's Aid to Families with Dependent Children (AFDC) Program and suggested ways to improve them. Comprised of such representatives of the private and public sectors as employers, AFDC recipients, welfare advocates, community based organizations, and members of state departments and agencies, the committee held meetings focusing on the following areas: availability training; AFDC recipient perspectives; employer attitudes; social service and employment and training staff pespectives; cooperative organizations as income saving and producing ventures for AFDC recipients; identifying areas of need for job and economic development efforts, and potential strategies to improve existing programs. After examining these issues, the committee formulated a number of recommendations pertaining to reallocation of resources toward creating employment and training opportunities for those who are able to work. Included among the recommendations were calls for additional income assistance, employment and training, education, job creation, and economic development programs as well as establishment of formal linkages among such programs serving AFDC recipients. (MN)

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# WOMEN, WORK AND WELFARE

## THE FINAL REPORT OF THE

## WORK OPPORTUNITIES COMMITTEE

**SEPTEMBER 1981**

Prepared by the Maine Department of Human Services, Office of Special Projects

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

## FORWARD

The following letter is typical of many requests to the now defunct Women's Training and Employment Program. We believe it is also typical of many of the women in Maine who are the subject of this report.

To the Women's Training and Employment Program:

Hello,

I am twenty-five years old, I have been off and on welfare since I was eighteen, when I had my first child. I am divorced and my ex-husband doesn't believe in paying child support.

I have tried and tried to work hard and make an honest decent living for myself and my daughter. As soon as I get ahead a little in life my job sets me back, through lay-offs, lack of work, extra low wages...etc.

I have suppressed my desires for further education, training, and a better job long enough. I feel I could <u>really</u> <u>really</u> contribute a lot more to life, society, and my family if I could just develop a little.

Although my goals are long term, I must get started soon for myself as well as my child. We both have a lot of potential and kind hearts.

Everywhere I turn, folks speak of the economy and its financial state. Programs are closing and everything is being held on a tight rein.

But I know, somewhere-somehow there has got to be someone who cares, who is interested, someone who has faith. Perhaps there is someone in your office who can offer us assistance or give us a little further information on how to get where we have to go in life.

I have a G.E.D. and I am interested in forestry land management, development, as well as wild animal care. These positions generally require a knowledge of Biology, Ecology, Algebra, Chemistry, etc. I will try to obtain these courses and credits by going to night school this fall and winter.

Then hopefully I will be able to go to college for further studies on a part-time or nightly basis.

I still will need experience, and I will accept and enjoy any position with the Forest Service to get myself started.

If there is any way you can help me, please let me know.

## EXECUTIVE SUMMARY

### Major Findings

Women on welfare want to work at jobs that will allow them to become independent of welfare. Yet there are a number of reasons why it is often difficult for them to do so.

Women in general, and welfare women in particular, are at a distinct disadvantage in the labor market; their wages are lower, their opportunities are fewer. This has resulted in what has come to be called the feminization of poverty. Whatever decline there has been in poverty during the last decade has been almost entirely in families headed by men. In 1978, there were about 1.2 million fewer poor children in families headed by men than a decade earlier. But there were a million and a half more poor children in families headed by women. It has been estimated, all other things being equal, that if the proportion of the poor who are in female headed families were to increase at the same rate as from 1967 to 1977, all of those in poverty would be women and their children by the year 2000. This poverty is the result of rising divorce and separation rates, coupled with labor market discrimination against women - women earn only 59 cents to each dollar a man earns - and inadequate benefits and supportive services for single women with children.

Employment and training resources are generally insufficient to adequately serve this population. Out of the approximately 21,000 households in the Aid to Families with Dependent Children (AFDC) program last year, only about 3500 household heads received employment and training services from the Comprehensive Employment and Training Program (CETA) or the Work Incentive Program (WIN).

There are presently about 5000 AFDC recipients who are working, yet they are not earning enough to leave welfare. Only 484 participants in the WIN program, out of a total of 11,418, left the program due to increased earnings last year.

Employment and training programs - which are ultimately income producing - receive comparatively little money compared to income maintenance programs. Last year the Federal Government spent $41,414,000 in Maine for employment and training programs (WIN and CETA) for the economically disadvantaged. The State spent, at most, $250,000. The federal share in income maintenance programs in Maine (AFDC, Medicaid and Food Stamps) came to $229,225,000; the State's contribution was $72,558,000.

Furthermore, the resources that do exist for employment and training are not always coordinated or allocated effectively. There is no single agency that is responsible for developing employment and training opportunitites for AFDC recipients. The

WIN program is administered jointly by the Department of Labor (Manpower Affairs) and the Department of Human Services. It is only funded to serve at most 40 percent of the eligible population and it can only provide limited services to these. CETA has a mandate to serve a number of economically disadvantaged groups as well as AFDC recipients. In general, AFDC recipients show far lower placement rates into unsubsidized employment than other CETA participants. Job Service is funded according to a formula that creates incentives to place the easiest to employ; generally speaking, welfare recipients are not in this group.

Employment and training programs and income assistance programs are generally not well coordinated with educational resources. Recipients are not necessarily informed or encourgaged to continue in school. This is in part due to a program emphasis on immediate job placement. While this is appropriate for many, for many others it may mean continued reliance on welfare. When AFDC recipients who have the desire and ability to upgrade their skills are forced to accept low wage, dead end jobs, it may mean that the State will pay many years of partial benefits instead of a few years of full benefits. The total amount of income assistance payments may be the same in both cases, but the return in taxes and human productivity is likely to be greater if the investment is made in training.

The major programs affecting AFDC recipients; AFDC, WIN and CETA, adult education, vocational education, and community poverty programs such as the CAP agencies, were all developed at different times in response to different political and economic needs. This has resulted in a piecemeal approach to the problem of welfare employment. There has not been a process, until now, whereby different programs which affect welfare recipients could work together to create a comprehensive strategy for employment.

Improving the effectiveness of these programs with respect to welfare recipients is only half the battle. Of equal importance is the need to create more jobs that offer an adequate standard of living and to ensure that welfare recipients are given a fair chance at getting those jobs. Employment and training programs can only do so much to address this issue. They can work to develop training for more highly skilled jobs and they can more actively encourage and prepare AFDC recipients to enter these training programs. But beyond this there is a need for economic development policies that create not only new jobs, but jobs that are targeted to welfare recipients. There is also a need for mechanisms to target investments to high unemployment areas, which will in turn, create jobs.

Furthermore, increased attention needs to be given to the creation of "good jobs"; jobs that provide adequate wages and

fringe benefits, job security and stable employment, decent working conditions and opportunities for both advancement and control. As it is now many welfare recipients fall into the category of "underemployed". This includes those who have given up searching for work in the face of poor prospects, those who are employed part-time involuntarily, and those who work full-time but whose earnings are inadequate. Until there is a focus on the creation of quality jobs, the problems of welfare employment and underemployment of the working poor cannot be adequately addressed.

The charge of the Work Opportunities Committee was to examine employment and training opportunities for AFDC recipients, consequently the recommendations apply specifically to this group. However, the Committee feels that many of the recommendations will benefit other economically disadvantaged groups, such as those receiving General Assistance or Food Stamps.

## Major Recommendations

Welfare recipient employment needs to become a state priority. Income maintenance and social assistance programs are being cut back; a vigorous effort is needed to direct resources toward creating employment and training opportunities for those who are able to work. This is the only approach that will increase the standard of living for those who are now dependent on welfare, increase tax revenues, and assure sufficient assistance to those who cannot work. Income maintenance resources, economic development policies, educational programs and public employment and training programs can all contribute to this goal.

The following sections briefly summarize the major recommendations of the Committee.

### Income Assistance Programs

a. The savings which will be generated by changes in AFDC eligibility should be used to increase the benefits of AFDC recipients, particularly to restore the work incentive that has been eliminated by recent federal changes. (Recommendation #2)

b. Additional emphasis needs to be placed on providing subsidized child care for working AFDC recipients through the Social Services Block Grant. (Recommendation #4)

c. Efforts should be made to link income assistance payments with employment opportunities through the use of transferpayment reinvestment. (Recommendations #41 through 43)

Employment and Training Programs

a. There needs to be increased flexibility in the use of employment and training resources. The objectives of such flexibility are: (1) to allow the development of model programs to serve welfare recipients; such programs should include an increased focus on prevocational training, peer support and the utilization of community members on a volunteer basis; (2) to allow greater support services for those recipients who are engaged in training in jobs that will allow them to leave welfare; (3) to develop and provide training for high quality jobs, jobs that lead to higher wages and greater opportunities for advancement. (Recommendations #5 through #12)

b. There needs to be increased efforts encouraging female participation in "nontraditional" training programs that result in higher wages. (Recommendations #12 and #13)

Education Programs

a. There should be an increased emphasis on making supportive and remedial services available to recipients wishing to continue their education. The vocational technical institutes should also promote opportunities for placement of qualified recipients. (Recommendations #15, #16, #18 and #19)

b. The vocational education system should continue efforts to increase female enrollments in "nontraditional" programs for women. (Recommendation #17)

c. Educational resources should be more closely coordinated with the employment and training system with respect to AFDC recipients. (RECOMMENDATIONS #18, #19, #23 AND #24)

Job Creation and Economic Development

a. There should be state economic development policies aimed at targeting jobs to welfare recipients and inducing private investments to economically distressed areas of the State. (Recommendations #29 and #35)

b. The State as an employer and contractor of goods and services should assume a greater role in targeting welfare recipients for employment. (Recommendations #36 and #40)

Coordination

a. Formal linkages should be established among programs that serve AFDC recipients. These linkages should be instituted at the local level. The objective of increased coordination should be to increase planning, share resources, and establish open communication among agencies. (Recommendations #27 and #28)

b. The AFDC Coordinating Committee and the AFDC Advisory Council created by LD 1662 should be the primary vehicles for overseeing the implementation of the recommendations of this report. To accomplish this task the Committee should be provided with adequate resources to do an effective job. (Recommendations #24, #25, #26, #29, #31 and #36)

In Conclusion

The work of the Work Opportunities Committee will be continued by the AFDC Coordinating Committee. A truly comprehensive strategy for the employment of able to work AFDC recipients has not fully emerged. Many of the pieces are there, but the process is still ongoing. The passage of LD 1662 provides a mechanism for the continuation of this process.

It may take a long time for some of these recommendations to be put in place, but in the meantime the AFDC Coordinating Committee will be in a position to take advantage of opportunities as they arise. The proposed Bath Iron Works expansion in Portland is a prime example of such an opportunity. The Committee can request, through the Governor, that some of those new jobs go to welfare recipients.

It will be the cumulative effect of many small acts such as this that will result in the diminution of the welfare rolls and an enhancement of Maine's economy and the well being of all its citizens.

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Finally, the Work Opportunities Committee would like to thank the Ford Foundation and the National Governors' Association for their support of this project.

## PREFACE

The purpose of this report is to present background, findings and recommendations of the Work Opportunities Committee for policymakers and program administrators in the areas of income assistance, employment, training, and education and economic development.

Parts One and Two establish the context of the report. Part One discusses the political, economic and legislative environment in which the study recommendations were made and the approach taken by the Work Opportunities Committee. Part Two contains a description of the AFDC caseload and a discussion of the barriers which AFDC recipients encounter in finding and keeping work that will allow them to leave welfare.

Parts Three through Five describe the major programs which affect the AFDC population and make recommendations concerning these programs. Because the primary focus of the Committee was on work opportunities, the recommendations in these parts are concentrated in Parts Four and Five, Employment and Training Programs and Education Programs, rather than Part Three, Income Assistance Programs.

Part Six examines ways in which all programs can increase their collaborative efforts on behalf of AFDC recipients seeking employment and training opportunities. Part Seven looks at ways in which economic development strategies can more effectively create job opportunities for welfare recipients. Part Eight introduces transfer payment reinvestment as a mechanism for using income assistance payments to increase employment and training opportunities.

# PART ONE:

# INTRODUCTION

## PURPOSE OF REPORT

No one is happy with the number, type and quality of work and training opportunities available for heads of household under Maine's Aid to Families with Dependent Children (AFDC) Program - not the bureaucracy, not the Legislature, not the public and certainly not AFDC recipients.

It is for this reason that in December 1980, the Commissioner of Human Services, Michael R. Petit, convened the Work Opportunities Committee to examine how to increase work and training opportunities for AFDC recipients.

## APPROACH OF WORK OPPORTUNITIES COMMITTEE

The Committee was comprised of representatives of both the private and public sectors: employers, AFDC recipients, welfare advocates, community based organizations as well as representatives of many state departments and agencies.

Each Committee meeting focused on one aspect of the AFDC employment issue. Topics discussed included: availability and quality of jobs, barriers to work, barriers to education and training, AFDC recipient perspectives, employer perspectives, social service and employment and training staff perspectives. There was a meeting devoted to the role of cooperative organizations as income saving and income producing ventures for AFDC recipients. Other meetings focused on identifying areas in which jobs and training for AFDC recipients could be developed, and potential strategies for accomplishing this.

The underlying premises of the Committee were that:

-- Many of the adults who receive AFDC benefits would like to work if there were opportunities and incentives for them to do so.

-- It is unlikely that in the foreseeable future government will provide an adequate income for families receiving AFDC benefits.

-- It is necessary for the many organizations and agencies concerned with job development and training to work together to develop a consistent and effective approach to employment if adults who receive AFDC payments are to benefit from these opportunities.

The Work Opportunities Committee was assisted in its efforts by a small grant from the National Governors' Association in

cooperation with the Ford Foundation for projects under the general heading of the "Human Reinvestment Project." This project was designed to encourage states to experiment with new approaches to facilitating the movement from welfare to economic independence and to test the assumptions that:

-- given encouragement and support, states will use existing authorities, programs and resources to permit and further the movement of welfare recipients into regular employment with states and their agents;

-- dollars appropriated in whole or in part for purposes of income maintenance, employment and other public purposes may be more effectively used by states to move AFDC and other welfare recipients into regular employment with the states and their agents, providing services to other welfare recipients as well as to the general public; and

-- regular employment in both the public and private sectors can be achieved without involving the unnecessarily harsh or punitive aspects usually associated with mandatory workfare.

## ACTIONS BY THE MAINE STATE LEGISLATURE

There were also significant changes at the state level during the time the committee was in session. The 110th Legislature failed to fund a Women's Training and Employment Division. The model for this division was the Women's Training and Employment Program, a program that was highly commended to the Committee by the AFDC recipients it had served and by other service providers represented on the Committee.

Another program, Displaced Homemakers: Women in Transition did receive some funding from the Legislature. This program is equally well regarded and the Committee fully supports its continuation and expansion. It is unfortunate that the two programs were not perceived by the Legislature as being complementary rather than competing programs, and both funded accordingly.

The Legislature also considered a bill that would change the method of AFDC grant calculation to give working recipients a larger grant. The legislature did not pass the bill as written, but did pass a provision requiring the Department of Human Services to submit a plan to the next legislative session which "provides maximum work incentive in the Aid to Families with Dependent Children grant calculation formula" and which ensures that there is no grant reduction for recipients without earnings. The legislature also raised the AFDC payment levels by

approximately 6 percent. As of July 1, 1981, the maximum AFDC grant is 72.5 percent of the standard of need, prior to that time the maximum grant was 67.5 percent of the need standard.

The passage of LD 1662 "An Act to Establish and Coordinate Training, Education and Employment Programs for Recipients of Aid to Families with Dependent Children" is a significant event for AFDC recipients. The Legislation creates a mechanism for overseeing the implementation of the Committee's recommendations. The AFDC Coordinating Committee, and the advisory body to that Committee, which are established by the Act, will be able to continue the efforts begun by the Work Opportunitites Committee. It is critical there be this continuing focus on the issue of employment opportunities for welfare recipients. The committee has been able to go a long way in establishing consensus across a broad range of issues, but this report represents only a first step, albeit an extremely important one. If this consensus is to be acted upon there must be continuous and concentrated efforts on the part of those who have contributed up to this point and on the part of those will become involved as a result of these recommendations. The atmosphere of mutual sharing and understanding that has been established will not last without maintenance of effort. As the changes which have been initiated in Washington begin to take effect this may become increasingly difficult. Programs and agencies are likely to have increasing demands put upon them while they attempt to deal with decreasing resources. At the same time, however, there may also be increased opportunities for experimenting with different methods of service delivery and for encouraging collaboration among a wider range of programs and interests than was previously possible.

## EFFECTS OF NEW FEDERAL PHILOSOPHY AND POLICY

The Committee's work was particularly challenging in that it was undertaken during a period of drastic changes at the federal level, and considerable uncertainty about the nature and extent of those changes. It soon became evident that the findings and recommendations that were being developed within the Committee were far from congruent with the philosphy of the present Administration and Congress. In fact, there was at times a distinct feeling that we were running very hard to stay in the same place.

It is obvious that this country is in the midst of a momentous change in the role the Federal Government plays in provision of services to its citizens. The prevailing philosophy of the last several decades has been that the Federal Government has a special obligation to serve and protect the disadvantaged in our society. Social expenditures have increased accordingly,

and federal regulations and oversight have been considered essential to assure that those entitled to service will be served.

The Reagan Administration does not accept the concept of "entitlement" for all disadvantaged persons to services from Federal Government. It believes that to the extent that society has an obligation to the disadvantaged, this obligation is the responsibility of state and local governments, of private and corporate philanthropy, and of the religious community. To accomplish this transition, the Administration proposes a federal safety net for the "truly needy" and the establishment of block grants to allow states greater discretion over funding decisions. The safety net concept is limited in that the definition of "truly needy" is far more narrowly defined than in existing legislation. Furthermore, the commitment to this group is intended to continue to diminish in future years. The long term intention of the Reagan Administration is to withdraw from the funding of virtually all human services and income maintenance programs other than those embodied in the Social Security Trust funds.

The block grants will be accompanied by an overall reduction in funding of approximately 20 percent the first year. There will very likely be further reductions in future years. State discretion will be increased, but the extent of this discretion has not yet been established. According to the National Conference of State Legislatures, the President's budget proposal consolidated 19 percent of the existing categorical programs into block grants; the Senate reduced this to 13 percent and the House, in turn, to 11 percent. In dollar amounts, block grants amounted to 19 percent of the categorical aid grants. The House reduced this to 12 percent, the Senate to 8 percent. The number of programs consolidated has decreased from 97 (Administration) to 62 (Senate) to 48 (House). The House has proposed the creation of Title XVI, for block grant procedures. This Title sharply limits the ability of states to substantially alter present funding allocations. It requires states to assure the continuation of funding of effective programs which are servicing demonstrated needs and which previously received categorical funding. Furthermore, states must document that previously funded programs have not proven effective if they wish to eliminate or reduce those programs by more than one-half.

## EFFECTS ON AFDC RECIPIENTS

A few of the programs affecting substantial numbers of AFDC recipients that could be included in the block grants are: Title XX programs (including day care), legal services, adolescent health services, community action agencies, adult education

programs, low income energy assistance and weatherization, and AFDC emergency assistance. The programs that have the largest immediate impact on the AFDC population: AFDC, Food Stamps, WIN and CETA; will not be included in the block grant funding structure this year, but they will all face reductions in funding and/or stricter eligibility requirements. The Medicaid program will be faced with reductions of 2 percent this year, 4 percent next year and 4.5 percent in 1983. As in the block grants, these reductions will be accompanied by provisions which give states greater flexibility in program design and administration.

**WORKFARE**

Among the changes proposed by the Administration and passed by the Congress in the AFDC program is a provision that would give states the option of establishing "community work experience programs" (CWEP). AFDC recipients over the age of 16 (or 19 if attending high school) or under 65, who are not disabled, not employed full time or not caring for a child under the age of three (or under six if suitable child care is not available), would be required to work in exchange for their AFDC benefits.

At the present time, it is unlikely that Maine will choose to implement a workfare program. Some of the reasons this State and others are reluctant to do so are outlined below.

A workfare program is unlikely to increase the earnings of welfare recipients, reduce individual grants, or, unless very carefully designed, move welfare recipients into permanet unsubsidized employment. A workfare program will entail increased administrative costs due to increased supervisory responsibilities, creation of workfare jobs, screening, placement and other employment-related requirements. If these additional costs are to be justified, they must result in long term savings in the welfare program.

The stated intent of the Community Work Experience Program (CWEP) legislation is to provide participants with work experience and training which will allow them to move into unsubsidized employment. For there to be any reasonable expectation of this occuring, it follows that such a program should provide more than minimal training and pay close attention to creating jobs where the work experience can be easily transferred to areas where regular employment is available. Furthermore, it would be most logical to target workfare jobs to those segments of the welfare population that are most likely to translate their experience into a successful move to unsubsidized employment. These are the very people who would willingly take advantage of training and work experience anyway, if those opportunities, and the appropriate support services, such as child care and transportation, were available.

Thus, a mandatory work requirement may be unnecessary for that portion of the welfare population most likely to produce "cost effective" results in a workfare program.

Where a workfare program may be effective is in screening from the welfare roles those who are able to work but are willing to work and those who may be working but not reporting their earnings to the program. It is the belief of the Work Opportunities Committee that this number is much smaller than is commonly thought. The Committee has studied many very real barriers that prevent AFDC recipients who are willing to work from doing so: transportation, child care, lack of access of training or education, unresponsive bureaucracies and a lack of jobs, among them.

Still there are undoubtedly some who abuse the system at the expense of legitimate recipients and the taxpayers, and a workfare component may at some point become an appropriate response to this problem. But a mandatory workfare program for determining the extent of welfare abuse will not be a fair or accurate process unless it is implemented within the context of a comprehensive strategy for the employment and training of welfare recipients. That is, before being referred to mandatory employment, recipients must be given the opportunity to participate in job search assistance programs, work experience, institutional or on-the-job training, and whatever other resources may be included in a coordinated approach that links income assistance programs to employment and training programs.

## PART TWO:

## WOMEN ON WELFARE WANT TO WORK

## RECOMMENDATION: PART TWO

#1 THE MAINE DEPARTMENT OF HUMAN SERVICES SHOULD NOT ESTABLISH A MANDATORY WORK REQUIREMENT FOR RECIPIENTS OF AFDC. (page 8)

## INTRODUCTION

Women on welfare want to work. This conclusion was continually reinforced throughout the deliberations of the Work Opportunities Committee, both by service providers and by the AFDC recipients who contributed to the work of the committee.

This conclusion has also been supported by national studies. Studies of AFDC recipients participating in the Work Incentive Program in six locations across the country[1] and a study of public assistance recipients enrolled in the New York Public Works Program[2] found that a large majority of recipients want to work.

These studies also found that recipients feel much the same about work as do middle income families. They identify working and having a good job with self-esteem and esteem for others. They aspire to a good education for their children, a nice home and a good job. Welfare becomes an acceptable alternative only after they have experienced continuous failure in the world of work.

In light of this conclusion, the Work Opportunities Committee does not recommend the institution of a mandatory workfare requirement for AFDC recipients. (SEE RECOMMENDATION #1)

Thus, welfare parents and their children, on the whole, do not need to be educated in the merits of work. To the contrary, they need a chance to be successful in a job that allows them to be self-supporting.

Before turning to a discussion of programs available to help prepare women on welfare for work, it is important, first, to consider some characteristics relating to these women and to understand why it is often difficult for them to prepare for and find work on their own.

## BARRIERS TO WORKING: AN OVERVIEW

Women on welfare face a number of barriers in their effort to become economically independent. This section describes some of these obstacles both from a welfare recipient's perspective and from a wider cultural and economic perspective. A more detailed analysis of the issues raised in this overview is presented in the subsequent chapters on programs and economic development.

## Welfare and Stress

A woman who goes on welfare is likely to be in some type of crisis situation, both emotional and financial. She is likely to have recently been through a divorce, separation or abandonment, with an attendant loss of financial support. She may also be faced with legal problems in areas such as child custody, alimony or child support. These stresses may also be compounded by financial debts, inadequate housing and the emotional problems of her children during the period of readjustment to a changed family situation.

The transition from homemaker to homemaker and economic provider may be further complicated by feelings of ambivalence and guilt at having less time and energy for her children. This is especially true where the choice of child care is limited or where the children do not support their mother's efforts to go to work.

## Opportunities for Training and Education

If a woman on AFDC wants to increase her skill or education level there are a number of factors which may impede her ability to do so. If she lacks a high school degree, which nearly half of all AFDc recipients in Maine do, she may not qualify for some training or education programs. If she has a high school degree she may still need remedial work in math and sciences to qualify for the more technical and highly skilled training programs.

Second, the training options available to welfare recipients through public employment programs such as WIN and CETA are severely limited in several ways. The WIN program emphasizes job placement over training, and sanctions may be imposed on those who refuse a job or quit a job to participate in skill training. The training that WIN presently will pay for lasts only an average of six months, with one year being the usual maximum length. This restriction severely limits the types of training recipients may choose. In Aroostook County, for example, the only one year training programs that are offered are secretarial and licensed practical nursing.

CETA training is also generally of a relatively short duration, and AFDC recipients are in competition with a number of other targeted populations for training slots. In both CETA and WIN women are seldom encouraged to participate in traditionally male dominated training - training that generally offers a greater potential for higher wages. Instead women are enrolled in typically female occupational training, such as clerical, nurses aide, licensed practical nurse programs, training programs that frequently result in low wages and little prospect of upward mobility.

## Finding a Job

Many women who go on AFDC have either never worked outside the home or they have only worked intermittently. Some may have had unsuccessful experiences in finding or keeping a job: they may have found they could not progress in a job or may have been unable to keep a job due to family or medical problems, inadequate job preparation, or they may have been laid off. In any case, a pattern of failure once established becomes increasingly difficult to break.

## Costs of a Job

Apart from the attitudes and motivation which may result from previous work experiences, there are a number of practical problems that must be overcome before a welfare recipient can find a job and keep it. The costs of going to work are substantial for someone who will be earning relatively little. These include the obvious costs of child care and gasoline for transportation, and the less obvious costs of car repairs, car insurance and car payments as well as the added costs of buying more prepared convenience foods, and of appropriate work clothes or uniforms. In addition food stamp allotments are reduced by approximately 30 to 40 percent for every additional dollar that is earned.

Under Maine's present AFDC program regulations, child care expenses, uniforms and mileage (at .13/mile) are fully deducted from a recipient's income and a working lunch deduction of $1.50 per day is also allowed in determining the amount of the AFDC grant. The adaquacy of the lunch and mileage allowance has been challenged but this issue may become a moot point in light of other changes. As of October 1, the amount of work related expenses that can be deducted from earned income will be capped at $75 per month and child care deductions will be capped at $160 per month per child. The costs of working will be substantially increased for recipients when these proposals are implemented.

## Child Care

Under Maine's present AFDC regulations the costs of child care does not appear to be as large an obstacle to acquiring skills or a job as does the availability of quality care, although as indicated above, this may soon change. A lack of child care prevented 311 WIN registrants from receiving WIN employment and training services last year. The number of children receiving custodial, or otherwise inadequate care, is not known, but the long waiting lists for developmental day care suggest that the need may be substantial. There is a particular

need for after school care in Maine, but again, the number of "latch key" children is not known.

## Health Care

There is a strong correlation between poverty and ill health. Moreover, health problems can acutely affect both the chances of being hired and the ability to stay on a job. Medical coverage and the assurance of having some form of continued medical assistance as earnings increase, is critical in any decisions a welfare recipient may make concerning work. All those who are eligible for AFDC are automatically covered by Medicaid. In addition, Maine presently has a Medically Needy Program which provides partial medical coverage for those who would qualify for AFDC but for increased earnings.

## Available Jobs

The unemployment rate for women is consistently higher than for men by several points, but this statistic still underestimates the disadvantage women have in the labor market. Employment rates refer to those who are actively seeking work. There are many women who fall into the "discouraged worker" category, a hard to measure but nevertheless real category of those who have given up searching because of poor prospects.

For those women who do find work, it is more likely to be involuntarily part-time and/or seasonal. Even if full-time work is found, it may not be sufficient to escape welfare. In Maine, approximately fifteen percent of the AFDC caseload works full-time and still remains on welfare.

## 59¢ and the Feminization of Poverty

Women earn, on the average, 59 cents to every dollar a man makes, and if anything the wage gap is increasing. If an AFDC recipient is able to find the necessary medical assistance, transportation, child care, and skills that enable her to find, accept and keep work she still may find herself working full-time and in poverty. The decline in poverty during the last decade has been almost entirely in families headed by men. Nearly one in three female-headed households is at or below the poverty level, one out of every nine families headed by men without wives is poor, and only one in 18 husband-wife families is at or below poverty.[3] More than a third of all single mothers with children under six who worked full-time at paid labor in 1977 were poor.[4] It has been estimated that, all other things being equal, that if the proportion of the poor who are in female-headed families were

to increase at the same rate as from 1967 to 1977, all of those in poverty would be comprised solely of women and their children by the year 2000.[5]

Occupational segregation is one of the primary forces that contributes to women being poor. Women are concentrated in a relatively small number of low pay occupations[6] such as clerical, services and nondurable good manufacturing. Even within these occupations they are generally paid less than men. In 1977, the median earnings of year round, full-time civilian workers were:[7]

| | Women | Men |
|---|---|---|
| Clerical Workers | $8552 | $13,057 |
| Service Workers | 6061 | 8,662 |
| Operators (machine) | 7355 | 12,709 |

Employment, training and educational institutions have perpetuated the segregation of women into low paying occupations. CETA programs are generally enrolled along sexually sterotypic lines. In Maine, the average starting wage for female WIN registrants in 1980 was $3.25; for male registrants it was $3.44. Enrollments at Maine's vocational educational institutes show very low female participation in those areas that lead to higher paying occupations.[8]

## Jobs in Maine

Beyond the question of female versus male employment, there are simply not enough jobs in Maine to go around. State and federally assisted economic development efforts have not, as a rule, targeted job creation to the economically disadvantaged. This policy has meant that the chances of newly created jobs going to welfare recipients are considerably reduced.

## Summary

The average welfare recipient is not likely to be conversant in economic development policy, or unemployment figures, or the statistics on women and poverty, but neither is she ignorant of the reality beyond these abstractions. The message of powerlessness is transmitted even though it may remain unarticulated. "Discouraged worker" takes on a special meaning for these women.

When the reality of the social and economic forces outlined above is combined with a generally hostile perception of welfare recipients on the part of the public, it cannot but negatively color a welfare recipient's image of herself. In turn, a self-image of failure cannot help but create a further barrier to escaping the welfare system.

## CHARACTERISTICS OF WELFARE RECIPIENTS

### Numbers

In March, 1981, there were 20,351 families receiving payments under Maine's AFDC program. There were 56,472 AFDC recipients, including 38,156 children and 18,306 adults.[8] The average family size was 2.8 persons. Almost all of the adults, 94 percent, were women.

### Time on AFDC

According to 1979 statistics, 72.7 percent of all AFDC families had not previously been on AFDC. Of these families, 21 percent had been on AFDC for six months or less and 23 percent had been on AFDC for five years or more.

The median length of time families had received assistance from the most recent opening of the case was two years and one month. This is a significant decrease since May of 1975 when the median was three years and seven months.[9]

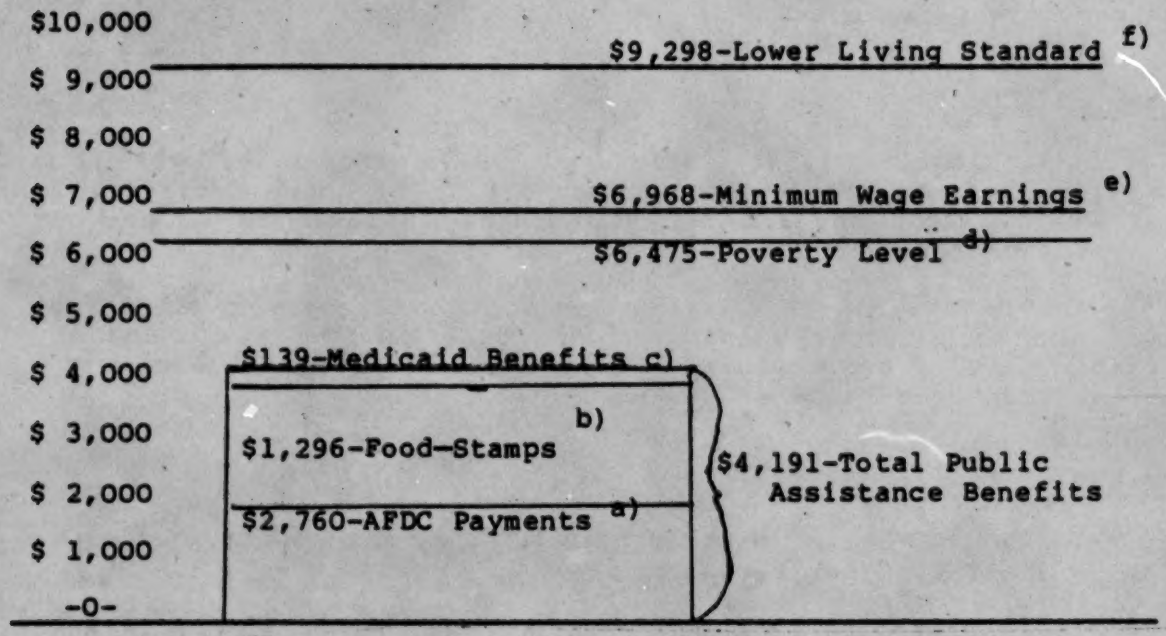
### Amount of Assistance

In March 1981, the average AFDC payment was $229.67 per family and $82.17 per recipient.

It is clear that the AFDC family that relies solely on AFDC payments and other types of public assistance has an annual income which is substantially below both the officially defined "lower living standard" and "poverty level" and the minimum wage.[5] Figure A depicts this fact.

## Figure A

Benefits Received by Average AFDC Family with No Other Income under Major Public Assistance Programs: Amount and Comparison with Poverty Level and Minimum Wage Earnings (Annual Figures, 1980)




a) The $2,760 figure for AFDC payments is the average AFDC payment per month (rounded to $230) multiplied by 12 months for the average-sized AFDC family of 2.8 persons.

b) The $1,296 figure for Food Stamps is the average Food Stamp benefit per month (rounded to $108) multiplied by 12 months for the average-sized Food Stamps family of 2.5 persons.

c) The $139 figure for Medicaid is the average Medicaid benefit per month ($79 per adult, $30 per child) multiplied by 12 months for one adult and two children.

d) The "poverty level" is calculated for a family of 2.8 persons. Poverty levels are set nationally, by family size, by the U. S. Office of Management and Budget. They are revised annually.

e) The minimum wage comes to $580.62 per month (4.33 weeks in a month) or $6967.44 per year.

f) The "Lower Living Standard" is calculated for a precisely defined urban family of four: a 38 year-old husband employed full-time, a nonworking wife, a boy of 13 and a girl of eight. There are also budgets calculated for intermediate and higher living standards. These budget calculations are developed by the Bureau of Labor Statistics, U. S. Department of Labor. The Lower Living Standard represented in Figure A is only a rough approximation of what this budget might be for an "average" AFDC family of 2.8 members. It is arrived at by taking the Lower Living Standard for Portland in 1978 (the last year it was calculated for Maine) and increasing it by 11.6 percent (the amount this budget rose nationally between 1979 and 1980) and multiplying this figure by 70 percent to estimate an almost three person family.

## Employment

In 1979, 96.7 percent of all AFDC families were headed by women.[6] They were employed in 23.3 percent of the families. About 39.7 percent of the employed mothers had been working for six months or less, and 4.1 percent had been employed more than four years.[6] Table #1 shows their employment status.[10]

Table #1

EMPLOYMENT STATUS OF AFDC MOTHERS IN MARCH 1979

| Status | Number of Mothers | Percent of Total Number |
|---|---|---|
| Employed Full-Time | 2,808 | 14.8 |
| Employed Part-Time | 1,594 | 8.4 |
| Incapacitated | 1,404 | 7.4 |
| Needed in Home as Homemaker | 4,554 | 24.0 |
| Attending School or Training | 607 | 3.2 |
| Awaiting Recall from Layoff | 95 | 0.5 |
| Able to Accept Work | 7,913 | 42.7 |
| Total | 18,975 | 100.0 |

In sum, Table #1 indicates that 23.2 percent of all AFDC mothers were working and 42.7 percent could theoretically accept work if jobs, training and the necessary support services were available.

## Earnings

In 1979, slightly over 20 percent of all AFDC families had some earned income. Of this income, 70 percent was "disregarded" in the calculation of AFDC payments. Twenty-one percent of the families with earned income were eligible for the "$30 and 1/3 disregard,"[11] 20.2 percent had other employment expenses disregarded, and 11.6 percent had child care expenses that were disregarded for the purposes of grant calculation.[12]

More recent statistics on the AFDC caseload, presented in Table #2, indicate that 4,390 or 21.5 percent of the total cases had some earnings.[13]

Table #2

GROSS MONTHLY WAGES OF AFDC CASES IN MARCH 1981

| Amount of Wages | Number of Cases | Percent of Total Number |
|---|---|---|
| $ 1-99 | 283 | 6.4 |
| $100-299 | 797 | 18.2 |
| $300-499 | 1,016 | 23.1 |
| $500-699 | 1,574 | 35.9 |
| $700-899 | 573 | 13.1 |
| $900-1000 or over | 147 | 3.3 |
| Total | 4,390 | 100.0 |

A full-time minimum wage job pays $580.62 per month. Table #2 suggests that about half of those with earnings were making less than this amount. It can be assumed that they were either working part-time or they were working full-time at wages below $3.35 per hour. This might be the case for those who were self-employed or working in agriculture or as nurses aides.

## Education

The educational status of recipients in the 1979 survey was largely unknown. However, the current educational status of registrants in the Work Incentive Program (approximately half of the AFDC families) is presented in Table #3.[14]

Table #3

EDUCATIONAL STATUS OF WIN REGISTRANTS

| Educational Level | Number of Registrants | Percent of Total Number |
|---|---|---|
| Less than 12th grade | 5,311 | 46.5 |
| 12th grade | 5,101 | 43.2 |
| Over 12th grade | 1,006 | 8.8 |
| Total | 11,418 | 98.5 |

Nearly half of the present WIN caseload has less than a twelth grade education.

## FOOTNOTES FOR PART TWO

1. Leonard Goodwin, What Has Been Learned from the WorK Incentive Program and Related Experiences: A Review of Research with Policy Implications, Worcester, Massachusetts: Worcester Poly Technic Institute, February 1977.

2. Miriam Ostow and Anna B. Dutka, Work and Welfare in New York City, Policy Studies in Employment and Welfare No. 21, Baltimore, Maryland. The John Hopkins University Press, 1975.

3. Johnson, Beverly L. "Women Who Head Families, 1970-1977, Their Numbers Rose, Income Lagged" Monthly Labor Review February 1978, p 32.

4. Current Population Reports, Series P-60 No 119, 1977 "Characteristics of the Population Below Poverty Level"

5. National Advisory Council on Economic Opportunity, Twelfth Report, "Critical Choices for the 80's," August 1980.

6. Josephson, Marilyn "A Handbook For and About Working Women in Maine" 1980 p 27.

7. U. S. Department of Labor, Women's Bureau, "The Earnings Gap Between Women and Men" 1979, p 12.

8. Josephson, op cit.

9. Department of Human Services, "Monthly AFDC Report, March 1981."

10. Department of Human Services, "Characteristics of Families and Children Receiving AFDC. Maine, March 1979.

11. Footnote 5 op cit .

12. The $30 and 1/3 disregard is the amount of earned income that is disregarded in calculating the net income on which AFDC payments are calculated. Work related expenses such as travel to work, child care, a uniform, lunches, etc., are deducted according to actutal costs except that travel to work is deducted at 13¢ per mile and a $1.25 maximum is set on meals.

13. Footnote 9 op cit.

13. Department of Human Services, computer run on Total AFDC Caseload 3/15/81, unpublished.

14. Department of Manpower Affairs, ESARS, Table 30, 9/30/80.

# PART THREE:

# INCOME ASSISTANCE PROGRAMS

## RECOMMENDATIONS: INCOME ASSISTANCE PROGRAMS

#2 SAVINGS GENERATED BY RECENT FEDERAL CHANGES IN THE AFDC PROGRAM SHOULD BE USED TO RAISE THE PAYMENT STANDARD FOR ALL AFDC RECIPIENTS AND TO CHANGE THE GRANT CALCULATION FORMULA TO THAT PROPOSED IN LD 1123 IN ORDER TO PROVIDE AN INCENTIVE FOR AFDC RECIPIENTS TO WORK. THIS CHANGE WILL PARTIALLY COMPENSATE FOR THE SHARP CURTAILMENT OF WORK INCENTIVES UNDER THE REAGAN PROPOSAL. (page 23)

#3 A SECOND LETTER OF NOTIFICATION OF AND APPLICATION FOR THE MEDICALLY NEEDY PROGRAM SHOULD BE SENT TO ALL THOSE CLIENTS WHO HAVE BECOME INELIGIBLE FOR THE REGULAR MEDICAID PROGRAM DUE TO EXCESS EARNINGS. (pages 27 and 28)

#4 DAY CARE SERVICES FOR AFDC RECIPIENTS WHO ARE WORKING, IN TRAINING OR SEEKING WORK, SHOULD BE ADEQUATELY FUNDED WITHIN TITLE XX, OR THE SOCIAL SERVICES BLOCK GRANT THAT WILL REPLACE TITLE XX PROGRAMS. PARTICULAR EMPHASIS SHOULD BE PUT ON AFTER SCHOOL CARE. (pages 28 and 29)

THESE RECOMMENDATIONS SHOULD BE THE RESPONSIBILITY OF THE MAINE DEPARTMENT OF HUMAN SERVICES.

## AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

### General Background Information

The primary source of income assistance to the 18,000 women and their 38,000 children on the Aid to Families with Dependent Children program (AFDC) is the program itself. AFDC is an income maintenance program required by Title IV-A of the U. S. Social Security Act. It provides cash grants to families with children who are deprived of parental care or support.

Around half of the states have opted to provide AFDC payments to low income "intact" families (that is, families with both parents), where the wage earner is unemployed. However, Maine does not exercise this option and the vast majority of AFDC families in Maine are headed by a single parent, who almost always is the mother.

Administrative responsibility for the AFDC program in Maine has been assigned to the Bureau of Social Welfare[1] in the Department of Human Services.

The AFDC program in Maine is funded at around a 70:30 ratio (federal share to state share). The ratio varies among the states and changes slightly from year to year within states according to poverty statistics. Maine receives one of the largest federal shares in the country, because it is one of the poorest states.

### Eligibility Requirements

Eligibility requirements for AFDC are based on federal and state regulations which state that:

- The dependent child or children must be under 18 or between 18 and 21 but regularly attending school.
- All individuals on the grant must be residents of Maine.
- No individual in the grant may receive more than one form of income assistance concurrently. (For example, if an individual receives Supplemental Security Income, then that individual cannot also receive AFDC payments.)
- The dependent child must live with a relative in that relative's home.
- All rights of child support are assigned to the Department of Human Services.

- All applicants not found exempt from work requirements must register with the Work Incentive (WIN) program.

- Family cashable assets must not exceed $1,000, excluding the home and one vehicle.

Grant Calculation: The Mechanics

The amount of the AFDC grant is calculated according to a state-determined payment standard which ranges from $223 per month for one child and one adult on the grant to $840 per month for nine children and one adult, as shown in Table #4.

Table #4

MAXIMUM AFDC PAYMENTS AND MAXIMUM ALLOWABLE OTHER INCOME BY FAMILY SIZE (MONTHLY FIGURES)

| Family Size (Assuming at Least 1 Parent Present) | Payment Standard* | Need Standard** |
|---|---|---|
| 2 | 223 | 307 |
| 3 | 301 | 415 |
| 4 | 378 | 522 |
| 5 | 455 | 628 |
| 6 | 532 | 734 |
| 7 | 609 | 840 |
| 8 | 686 | 946 |
| 9 | 763 | 1052 |
| 10 | 840 | 1158 |

*The Payment Standard, sometimes referred to as the "ratably reduced" standard, is 72.5 percent of the Need Standard (as of July 1981). Net income is deducted from the Payment Standard to determine the amount of the AFDC grant.

**The Need Standard is the amount necessary to cover the basic needs of a family in 1973. Persons with income greater than this amount after allowable deductions are considered are not eligible to receive AFDC payments.

The amount of assistance given to a family with no other income is a flat rate based on family size. For the family with other sources of income or aid, a maximum amount is set beyond which a family is ineligible. This is the equivalent to the Need

Standard. If the other income source is wages, then $30 plus one-third of the balance is discounted from the take-home pay as a work incentive. Additional amounts to cover the work expenses of the employed recipient, such as travel to and from work and lunches are also deducted. Travel is reimbursed at 13¢ per mile, lunches at a $1.50 per day maximum. Child care and uniforms for work are reimbursed on a cost basis. If the net income, after deductions are made, is less than the ratably reduced payment standard (shown in Table #4) the family is eligible for the amount of the difference.

## Grant Calculation: Incentives and Disincentives

The method used to calculate AFDC grants is one of the most important determinants of the AFDC caseload size and the percentage of the people who are working.

The 110th Maine State Legislature considered a bill (LD 1123) that would have altered the formula by which AFDC grants are calculated. Under federal law, states are given the option of choosing among several alternatives. The proposed legislation specified a method of calculation that would have increased AFDC grants for working recipients by returning to the formula used prior to 1975. The proposed change was premised on the belief that Maine's current method of grant calculation does not provide recipients with adequate incentives to work.

Under the present system, a working recipient has her net income subtracted from 72.5 percent of the state standard of need (the "ratably reduced" standard of need). This yields a smaller grant amount than if it were subtracted from 100 per cent of need, as it was prior to 1975.

The version of LD 1123 which was enacted by the Legislature does not alter the present method of grant calculation. Rather, it directs the Department of Human Services to submit to the 110th Legislature a plan "which provides maximum work incentive" in the AFDC "grant calculation formula" and which ensures "no reduction in grants to...recipients with no outside income."[2]

In 1975, just before ratable reduction went into effect, 19.5 percent of the AFDC mothers were employed full-time 11.3 percent were employed part-time. In 1979, 14.8 percent were employed full-time and 8.4 were employed part-time.[3]

It can be assumed that most of the decline in the numbers of working recipients is attributable to the ratable reduction policy, in that the caseload dropped sharply for several years immediately after the policy change was instituted, and it was the working caseload that was affected.

There are two interpretations as to why the ratable redution policy had this effect:

- Those recipients with higher earnings became ineligible for continued AFDC payments.

- Fewer recipients perceived the financial gain from going to work to be great enough to assume the costs of working; i.e., loss of medical benefits and food stamps and increases in various work-related expenses were not adequately compensated by increased earnings.

It is impossible to substantiate one interpretation over the other. However an analysis of the AFDC caseload on March 25, 1981, showed 4,390 cases reporting some earned income.[47] Of those earning between $500 and $600, the average gross wage was $558.22, the average deductible amount was $437.15, and the average income counted for the purposes of grant calculation was $121.07. This would give a family of one mother and two children an AFDC check of $159 per month, in addition to a pay check slightly under the minimum wage. At the same time, however, the families' food stamp allotment would fall sharply. For example, if the family had been receiving the maximum AFDC allotment and was paying $175 in rent, plus utilities, and was paying $40 per week in child care, the mother's food stamps would be reduced from $149 to $61, a loss of $88 or 41 percent.

## Impact of President Reagan's Proposed Changes

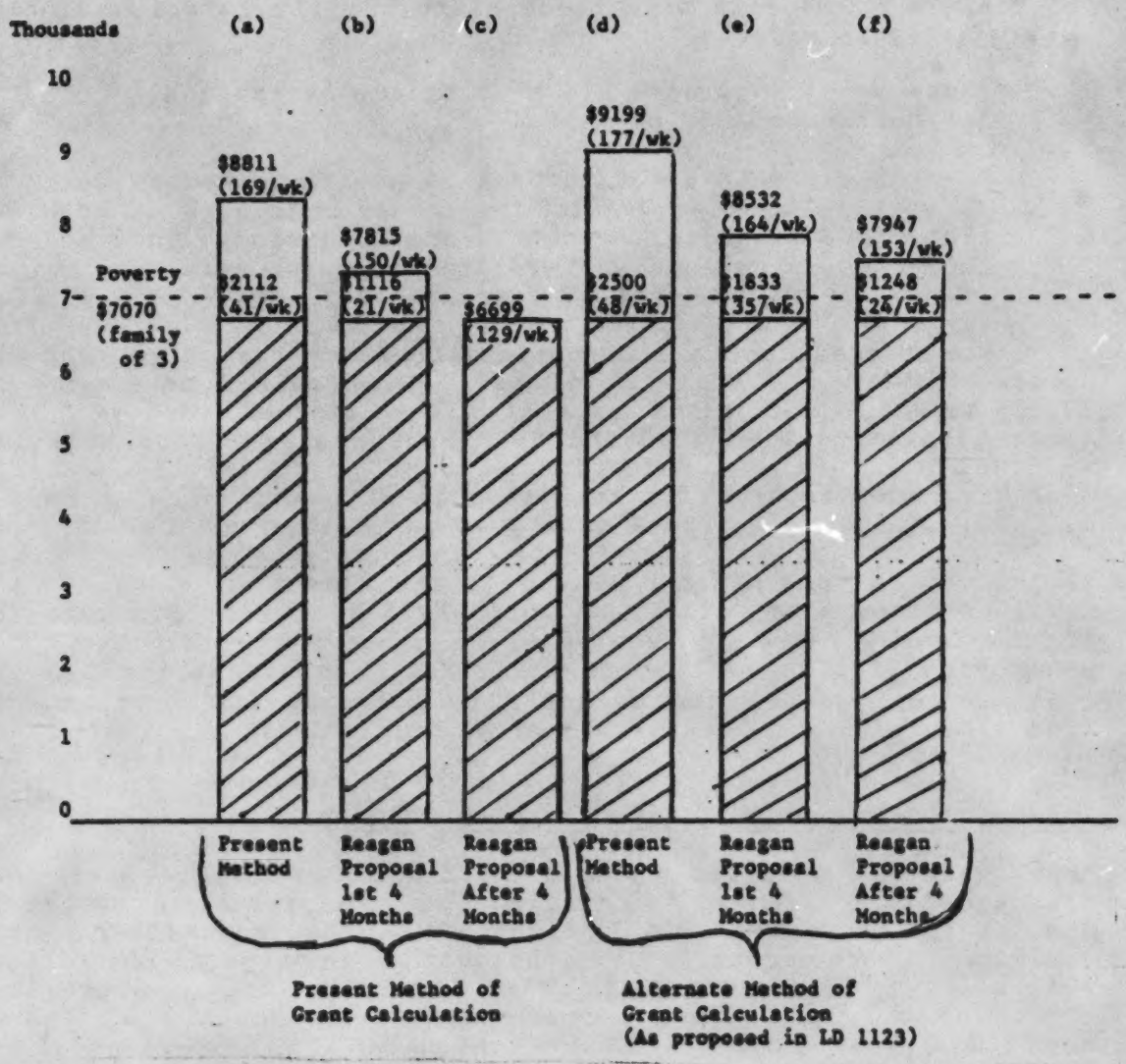
Twenty-one specific changes in the AFDC program have been proposed by the Reagan administration and passed by Congress. Some of the proposals have implications for savings, other simply reflect a more conservative philosophy in regard to welfare eligibility. The changes that are likely to have the greatest effect on program costs and caseload size are the elimination of the $30 and 1/3 disregard, the inclusion of step-parents and other household members' incomes in grant calculation, the standardization of income disregards, and a cap on child care expenses.

It is estimated that 3,410 cases or 17.5 percent of the caseload will become ineligible for the program and another 5,660 (29 percent) will have their grants reduced.

The program savings which result will be around eight million dollars annually in Maine. How these savings will be used has not yet been decided. It is the conviction of the Work Opportunities Committee that this money should be used too for the benefit of the remaining AFDC recipients, in order to partially compensate for the reduction in work incentives that will occur under the new program regulations. (SEE RECOMMENDATION #2)

Figure B

Comparison of AFDC Payment Levels for Working Recipients Under Two Methods of Grant Calculation and Proposed Reagan Administration Changes. (One Adult, Two Children)




1. The average annual wage figure of $6699, the shaded portion, is derived from the monthly average wage of $486.03 reported on 3/25/81. It assumes the wage will remain constant for 12 months.

2. The amount of the AFDC grant in columns (a) and (d) are calculated using the average deductible income and the average countable income, $389.29 and $103.74 respectively, as of 3/25/81. This translates to an AFDC grant of $176/month in column (a) and $208/month in column (d), according to the payment standard in effect during March.

3. In columns (b) and (e) the deductible income amount is $299 in accordance with the maximums allowed under the Reagan proposal, and the countable income is $187. The AFDC grant is $93 per month in (b) and $153 per month in (e).

4. In columns (c) and (f) the maximum deductible amount under the Reagan plan is $175. The countable income is $311. Under the Reagan plan this family would not be eligible for a grant or Medicaid after four months with the present method of calculation (column c). The method proposed in LD 1123 would yield a grant of $104 per month (column f).

Figure B compares the present grant calculation with the method proposed in LD 1123 and with the proposed Reagan changes.

As Figure B suggests, if the Reagan Administration's proposals are enacted, there will clearly be a much smaller difference between the income of working recipients and nonworking recipients. Therefore, the "risks" of working will be greater and the "incentives" to work will be fewer.

However, dollar amounts alone are not adequate to evaluate the incentive structure. If the jobs available to recipients are low-paying or temporary, there is some risk in giving up the permanent security of welfare for unstable earnings in the job market. Food stamps are reduced between roughly 30 and 45 percent for each additional dollar earned and other income assistance may be similarly reduced. One study estimated that for families receiving income from several welfare programs the loss of benefits could be as high as 70 to 80 percent when families' earnings increase.[7]

Changes in the Caseload

Figure C charts the changes in caseload over the past twenty years. Letters "a" through "k" signify policy changes that have occurred over the years. The arrows next to these letters indicate the expected effect of these changes on the caseload, whether it increases or decreases. In each case the expected effect is congruent with the actual trend.

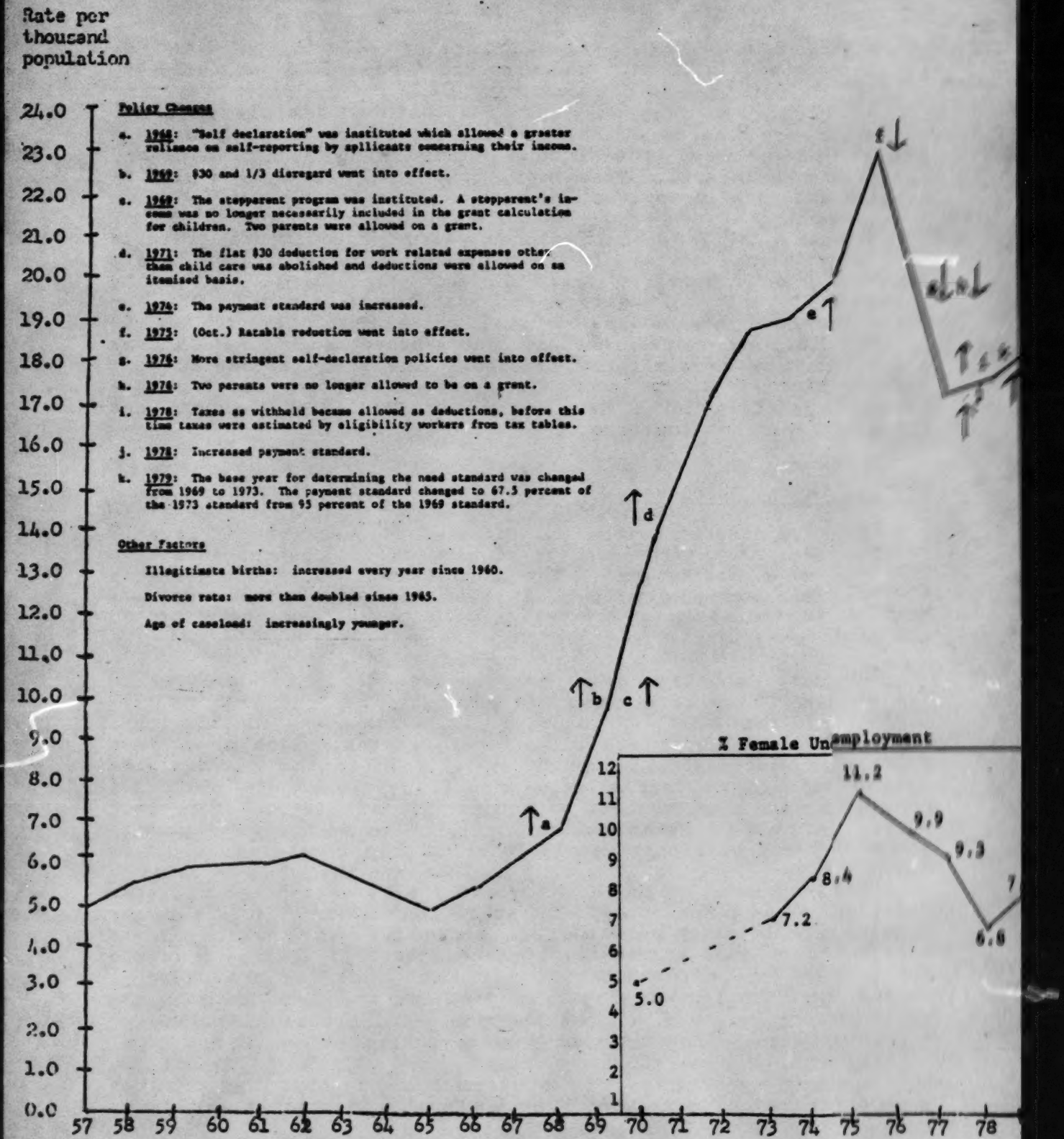
The most important demographic change that has occurred is the dramatic rise in divorce and separation. From 1965 to 1979 the divorce rate more than doubled. This has been coupled with a rise in the proportion of illegitimate births, which have risen every year since 1960, except in 1971.[8] This has coincided with a trend toward an increasingly younger caseload. In 1967, 2.1 percent of the AFDC mothers were under 20. In 1979, 6.9 percent were under 20.[9] Taken collectively, these demographic changes are consistent with the overall increase in the caseload.

A third factor which can logically be expected to influence caseload size is unemployment rates. The yearly averages for female unemployment in Maine are shown in Figure C.[10] There appears to be some correlation between caseload fluctuations and changes in female unemployment, although the data are sketchy. Increasing unemployment rates do parallel the rise in caseload size, except in 1978, where the caseload increased in spite of the lowest female unemployment rate over the years studied.

As was pointed out previously, unemployment rates underestimate the true number of women who want to work. Those

Figure C

Changes in AFDC Caseload and Influencing Factors


Rate per thousand population
24.0
23.0
22.0
21.0
20.0
19.0
18.0
17.0
16.0
15.0
14.0
13.0
12.0
11.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78
Policy Changes
a. 1968: "Self declaration" was instituted which allowed a greater reliance on self-reporting by applicants concerning their income.
b. 1969: $30 and 1/3 disregard went into effect.
c. 1969: The stepparent program was instituted. A stepparent's income was no longer necessarily included in the grant calculation for children. Two parents were allowed on a grant.
d. 1971: The flat $30 deduction for work related expenses other than child care was abolished and deductions were allowed on an itemized basis.
e. 1974: The payment standard was increased.
f. 1973: (Oct.) Ratable reduction went into effect.
g. 1976: More stringent self-declaration policies went into effect.
h. 1976: Two parents were no longer allowed to be on a grant.
i. 1978: Taxes as withheld became allowed as deductions, before this time taxes were estimated by eligibility workers from tax tables.
j. 1978: Increased payment standard.
k. 1979: The base year for determining the need standard was changed from 1969 to 1973. The payment standard changed to 67.5 percent of the 1973 standard from 95 percent of the 1969 standard.
Other Factors
Illegitimate births: increased every year since 1960.
Divorce rate: more than doubled since 1965.
Age of caseload: increasingly younger.
% Female Unemployment
12
11
10
9
8
7
6
5
4
3
2
1
11.2
9.9
9.3
8.4
7.2
6.8
5.0

who have given up looking or are afraid to try "pounding the pavement" are considered "discouraged workers," not "unemployed" and it can be surmised that many AFDC recipients fall into this category.

In summary, demographic, economic and policy changes generally tend to follow each other and it is difficult to isolate the effects stemming from each. The major exception to this appears to be in the steep caseload decline between 1975 and 1977 when the ratable reduction policy went into effect.

## OTHER PROGRAMS

Described briefly below are four other public assistance programs: Medicaid, the Medically Needy Program, the Food Stamp Program and the Title XX Social Security Program. These are the programs which have the most direct impact on AFDC recipient employment decisions and opportunities.

### The Medicaid Program

All recipients of AFDC or SSI payments are automatically covered by the Medicaid program and coverage is continued as long as they are eligible for AFDC or SSI. Medicaid provides the widest range of medical services of any medical assistance program, but it does not cover dental care or eyeglasses except for those under 21.

### The Medically Needy Program

The Medically Needy Program provides medical coverage for those who do not qualify for an AFDC or an SSI payment because their income is too high.[17]

Medicaid coverage is automatically extended for four months after a recipient begins work if the case is closed due to excess earnings. At the end of four months her and her family's medical eligibility is reviewed. If she is still eligible for AFDC, her previous Medicaid coverage is continued. If her income exceeds AFDC eligibility but is below the Medically Needy standards, she qualifies for continued Medicaid coverage on a slightly restricted basis.

If her income exceeds the Medically Needy Standard, she may still be eligible for medical assistance, provided her medical costs are in excess of the difference between her net income and the appropriate standard. She would be responsible for the amount of the excess and the Medically Needy Program would pay

for any other covered medical services beyond that amount during each six-month eligibility period.

Those with net incomes above the medically needy standard are given notification that they will become ineligible for Medicaid at the end of four months, but that they may still be eligible for some medical assistance after that time. They are advised to apply at their local office to determine their eligibility.

Notification of potential eligibility for the Medically Needy Program is done in this way because it is frequently impossible to know with certainty what an individual's income will be at the end of four months. However, notification of potential eligibility so far in advance may mean that some clients who are entitled to benefits never receive them. (SEE RECOMMENDATION #3)

The Food Stamp Program

The Food Stamp Program is operated by the U. S. Department of Agriculture. The program provides food coupons to low income households to supplement their food purchasing power. There are presently 56,339 households receiving food stamps in Maine. Sixty-four point four percent of all food stamp families are headed by a woman. The average grant for an "average" food stamp family of 2.5 persons is $110 per month.

The Food Stamp Program is facing a $7.5 million reduction. It is estimated that 10,000 people will become ineligible and 100,000 people will have their benefits reduced.[12]

Social Services Block Grant (Title XX)

Under Title XX of the Social Security Act, Congress authorized the provision of support services to low income families and children. Federal regulations required that at least 50 percent of Title XX funds be used for services to AFDC or SSI recipients. Title XX programs have been consolidated into a new Social Services Block Grant, it is not clear at this point if this provision still holds.

The Title XX service that is of the greatest relevance to the AFDC recipient employment is day care. In 1980, close to $1.2 million was spent on developmental day care services for about 983 AFDC recipients.[13] This is approximately 351 AFDC families served.

The anticipated funding reductions in the Social Services Block Grant programs this year are expected to be around 20 percent overall. The loss of day care money is presently

estimated at 5 percent or $167,000. If the State is successful in imposing a $55 per week maximum for day care centers and a $45 per week maximum for family day care, and staff child ratios are decreased, it is hoped that subsidized day care will not be reduced. In fact, there may be an overall increase in day care slots. Presently subsizised day care averages about $63 per week.

*After school care is in particularly short supply for AFDC mothers. There were only 59 after school child care slots expected to be funded this year by Title XX. (SEE RECOMMENDATION #4)*

## FOOTNOTES FOR PART THREE

1. Effective September 18, 1981, the Bureau of Social Welfare will be renamed the Bureau of Income Maintenance, pursuent to legislation enacted by the 110th Maine State Legislature.

2. Private and Special Laws of 1981, Chapter 43.

3. Department of Human Services, "Characteristics of Families and Chil

4. Department of Human Services, unpublished computer run, Total AFDC caseload, 3/25/81.

5. Department of Human Services. "Impact of President Reagan's Proposed Budget on the Maine Department of Human Services," April 1981. Update, Director of Food Stamp Program.

6. Browning, Edgar K. "How Much Equality Can We Afford?" the Public Interest, No. 43, Spring 1976, p 97.

7. Department of Human Services, "Maine Vital Statistics, 1979"

8. Footnote 3 op cit.

9. The 1976 female unemployment figure is taken from the 1970 census. The remainder are yearly annual averages. These data were not collected by sex prior to 1973.

10. Eligibility for the Medically Needy Program is established if:

    (a) One parent is absent from the home (death, desertion, divorce, separation, incarceration), or one of the parents is disabled or unemployed for over thirty days. If not, only the children, not the parents may be included for medical coverage.

    (b) Their cashable resources (bank accounts, real property - not the home, vehicles in excess of one, etc.) are worth $2,250 for a two-person family, plus $100 for each additional family member.

(c) Their monthly net income (gross income minus taxes, work-related expenses and other allowances) is less than the following amounts:

| Family Size | Medically Needy Standard (Net Income) |
|---|---|
| 1 | $ 240 |
| 2 | 283 |
| 3 | 375 |
| 4 | 475 |
| 5 | 566 |
| 6 | 666 |
| 7 | 758 |
| 8 | 858 |
| 9 | 950 |
| 10 | 1050 |

(Plus $91 for each additional member)

11. Footnote 5 op cit.

12. Department of Human Services, "Impact of Federal Budget Reductions on The Department of Human Services (Revised August 7, 1981)"

13. Department of Human Services. "1979-1980 Title XX Comprehensive Annual Services Program Plan."

# PART FOUR:

# EMPLOYMENT AND TRAINING PROGRAMS

## RECOMMENDATIONS: EMPLOYMENT AND TRAINING PROGRAMS

#5 MAXIMUM FLEXIBILITY SHOULD BE ALLOWED IN THE ALLOCATION OF EMPLOYMENT AND TRAINING RESOURCES IN ORDER TO BEST MEET INDIVIDUAL CLIENT NEEDS. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENTS OF HUMAN SERVICES AND LABOR. (pages 35 and 36)

#6 PREVOCATIONAL PROGRAMS FOR AFDC RECIPIENTS SHOULD CONTINUE TO BE DEVELOPED AND IMPLEMENTED AS AN ADJUNCT TO OTHER WIN AND CETA PROGRAMS. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENTS OF HUMAN SERVICES AND LABOR. (pages 36 and 37)

#7 AN EMPHASIS ON "PEER SUPPORT" SHOULD BE INCLUDED IN EMPLOYMENT AND TRAINING EDUCATION PROGRAMS. PROGRAMS WHICH PROVIDE JOB PREPARATION AND TRAINING SHOULD ALSO TRAIN SOME AFDC RECIPIENTS AS PEER COUNSELORS. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENTS OF HUMAN SERVICES AND LABOR. (page 37)

#8 TRAINING COMMUNITY VOLUNTEERS AS INSTRUCTORS AND ROLE MODELS IN JOB PREPARATION PROGRAMS FOR AFDC WOMEN SHOULD ALSO BE CONSIDERED. THIS COULD SERVE AS A WAY OF INCREASING THE INVOLVEMENT OF REPRESENTATIVES OF THE PRIVATE SECTOR AND HELP TO KEEP PROGRAM COSTS DOWN. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENTS OF LABOR AND HUMAN SERVICES. (page 37)

#9 TO THE EXTENT THE STATE HAS DISCRETION OVER EMPLOYMENT AND TRAINING OR SUPPORT SERVICE FUNDS, MODEL PROGRAMS SHOULD BE DEVELOPED FOR SERVING AFDC RECIPIENTS. APPLICATIONS FOR SUCH FUNDS SHOULD BE AVAILABLE TO A WIDE RANGE OF AGENCIES AND COMMUNITY GROUPS. PROGRAMS INCLUDING THE ELEMENTS OF PEER SUPPORT, PREVOCATIONAL SERVICES, AND THE USE OF COMMUNITY VOLUNTEERS SHOULD BE CONSIDERED. AN EMPHASIS ON INTEGRATION WITH SKILL TRAINING, ON-THE-JOB TRAINING, AND EMPLOYMENT PLACEMENT INCENTIVES SHOULD ALSO BE ENCOURAGED.

#10 RESOURCES WITHIN THE WIN PROGRAM SHOULD BE REDISTRIBUTED TO ALLOW REASONABLE BUT NOT EXCESSIVE ADMINISTRATIVE COSTS AND INCREASED RESOURCES FOR CLIENT SERVICES AND TRAINING. THE SECOND SESSION OF THE 110TH LEGISLATURE SHOULD APPROPRIATE FUNDS FOR ADDITIONAL CLIENT SERVICES IN THE WIN PROGRAM. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENTS OF LABOR AND HUMAN SERVICES AND THE 110TH LEGISLATURE. (pages 37 through 45)

#11 IN THOSE CETA TRAINING PROGRAMS WHERE THERE IS HIGH LIKELIHOOD OF JOB PLACEMENT, JOB SECURITY AND JOB

ADVANCEMENT, ADDITIONAL RESOURCES SHOULD BE ALLOCATED FOR SUPPORT SERVICES FOR RECIPIENTS. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY CETA PRIME SPONSORS. (pages 55 and 56)

#12 CETA TRAINING AND JOB DEVELOPMENT ACTIVITIES SHOULD EMPHASIZE THE CREATION OF HIGH QUALITY JOBS - JOBS WHERE WAGES ARE HIGHER AND OTHER INDICATIONS OF HIGH JOB RETENTION ARE PRESENT. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF CETA PRIME SPONSORS. (page 56)

#13 CETA PRIME SPONSORS SHOULD STRIVE TO INCREASE ADULT AFDC PARTICIPATION ENROLLMENTS IN THOSE TRAINING PROGRAMS WHICH PREPARE PARTICIPANTS FOR THESE AND OTHER "NONTRADITIONAL" OCCUPATIONS. CETA PRIME SPONSORS SHOULD ALSO REPORT ANNUALLY ON PROGRAM AND COURSE ENROLLMENT BY SEX. (pages 56 and 57)

#14 THE STATE EMPLOYMENT AND TRAINING COUNCIL (SETC) SHOULD CONSIDER IMPLEMENTATION OF THE RECOMMENDATIONS OF THE WORK OPPORTUNITIES COMMITTEE AND THE AFDC COORDINATING COMMITTEE AS A PRIORITY PROJECT FOR FUNDING IN FY 1983. THE PRIVATE INDUSTRY COUNCILS (PIC'S) SHOULD ALSO BE USED TO IMPLEMENT THESE RECOMMENDATIONS WHERE APPROPRIATE. (pages 57 and 58)

#15 IN ACCORDANCE WITH THE PROVISIONS OF LD 1662 (PL 1981, CHAPTER 512), THERE SHOULD BE ESTABLISHED WITHIN THE BUREAU OF LABOR AND UNDER THE JURISDICTION OF THE STATE APPRENTICESHIP AND TRAINING COUNCIL A PROGRAM TO DEVELOP REGISTERED APPRENTICESHIP AGREEMENTS EXCLUSIVELY FOR THE TRAINING AND EDUCATION OF RECIPIENTS OF AFDC. THESE APPRENTICESHIPS SHOULD BE IN OCCUPATIONS THAT WILL ENABLE PARTICIPANTS TO LEAVE WELFARE. (pages 57 and 58)

#16 AT LEAST TWO OUT OF THREE STAFF POSITIONS FUNDED UNDER THE PROVISIONS OF LD 1662 SHOULD BE FOR JOB DEVELOPMENT AND PREAPPRENTICESHIP PROGRAM DEVELOPMENT STAFF FOR THE AFDC APPRENTICESHIP PROGRAM. (pages 57 and 58)

## INTRODUCTION

The following analyses of the Work Incentive Program (WIN), Job Service and Comprehensive Employment and Training Administration (CETA) programs, reveal that a relatively small proportion of the able-to-work AFDC population is receiving services or employment placement from these programs.[1]

One of the primary reasons these programs do not adequately serve the AFDC population is that they are evaluated and funded primarily on the basis of quantitative goals - numbers entering employment and numbers entering training - rather than on qualitative goals, the type or length of training or the quality of employment. This is true especially for WIN and Job Service. CETA funding is based on a formula that includes population, unemployment rates, and poverty levels. There is a quantitative emphasis insofar as there are regional goals for cost per employment rates.

It is logical, then, that these programs tend to allocate resources to those participants within the targeted populations who are most easily placed and to place individuals into jobs that require minimum skills.

### WIN

WIN Job Service has a very small proportion of its budget devoted to skill training, institutional or on-the-job training and it is mandated to focus on placement, not training (see Table #6). In general, institutional training that is funded by WIN does not exceed one year, although provisions exist for extending WIN funded training beyond one year, this waiver provision is very infrequently exercised. This severely limits the options of those desiring training that will lead to jobs with higher wage potential.

Appendix A lists 23 occupations in Maine that could provide AFDC recipients with the opportunity to leave welfare status.[2] However, 21 of these occupations require between one and two years of training beyond high school. As the WIN program is presently structured, the likelihood that an AFDC recipient would be provided with training for these occupations is extremely slight.

### CETA

CETA is charged with serving a number of economically disadvantaged groups. The AFDC recipient is in competition with

the handicapped, offenders, veterans, youth and those over 55, for CETA resources. Placement rates for AFDC recipients demonstrate that this population is much less likely to be placed successfully than other program participants (see Table #12).

It can be speculated that poor placement results are attributable to the following reasons:

- Recipients have multiple needs that CETA resources may not be able to meet, such as needs for extensive supportive services, child care, medical care, educational remediation, counseling, group support, etc.;

- CETA has adequate resources to meet the needs of recipients, but these resources are not directed or allocated in an appropriate fashion for this population; that is, program designs and procedures are inadequate for this group; or

- The labor market discriminates against this population: sexual discrimination, low wages for women, and employer resistance to hiring AFDC recipients all result in low placement rates.

In reality it is probably a combination of these elements which accounts for CETA's failure to successfully serve and place AFDC recipients. The length of training is limited, as is the case under WIN. The now defunct CETA Public Service Employment (PSE) program, which was the most successful in placing AFDC recipients into unsubsidized employment, also allowed the longest on-the-job training period, up to one year.

Quantity versus Quality

The issue of numbers served versus quality of service is pertinent to all of the programs discussed in this report. Obviously, there is no definitive answer to this debate. However, as a generalization it cn be said that the emphasis has been on serving the greatest numbers of the eligible population. Given that training resources are becoming increasingly limited, it may be appropriate to reevaluate this strategy, at least with respect to AFDC recipients.

There are two arguments for emphasizing increased flexibility in the use of resources for recipients.

First, the evidence suggests that many AFDC recipients, and many women making a transition from home to work, need a longer and more intense period of work preparation and more support while first working. If prevocational or job preparation

training is neglected or given only superficially, subsequent job placement mechanism (on-the-job training, work experience, targeted job tax credits or skill training) may not be as effective. The result of this can be worse than no service or training at all. If a woman fails in a job or in skill training, a negative self-image is reinforced and she will be less likely to try to achieve independence a second time. In addition, trainers and employers will be less inclined to give another recipient a chance and their negative images of the welfare rcipient will be reinforced.

The second argument applies to providing more extensive skill training to recipients. If the goal is independence from welfare, recipients must be given a chance to gain the skills which will enable them to participate in the primary labor market. Minimal skills will achieve, at best, a partial reduction of welfare benefits. (SEE RECOMMENDATION #5)

Prevocational Programs

One approach that appears to be successful in working with AFDC recipients is the use of prevocational training.[3] Prevocational training includes a strong emphasis on self-awareness, personal finances, decision-making and career exploration, in addition to the more narrowly defined range of skills and knowledge usually referred to as job preparation. Job preparational skills usually refer to interviewing techniques, employer contact, and resume preparation. Prevocational preparation should be considered an adjunct to, not a substitute for, the types of training that are offered by WIN and CETA.

There are two approaches to providing AFDC recipients with more extensive job preparation and prevocational skills:

- The major existing service deliverers, primarily CETA and WIN, can increase staff training and allocate more resources to better serve recipients.

- Other service providers, such as the Women's Training and Employment Program, the Displaced Hommakers Program, and Women's Centers with expertise and experience in serving low income women, can provide prevocational services but use CETA and WIN for employment and training placement.[4]

There are several reasons which favor the second approach. First of all, WIN and CETA are perceived negatively by many recipients and other low income women.

This was true for a number of the AFDC recipients who participated in the Work Opportunities Committee meetings. It

has also been the case for many low income women across the country. (See Appendix B which contains excerpts from "Employment and Economic Issues of Low Income Women: Report of a Project.")

It may also be difficult for WIN staff to provide adequate role models for women in light of the fact that most WIN offices are staffed by men. WIN Human Services has about 17 male professionals and six professional females; WIN Job Services has 21 professional males and seven females.[5]

For these reasons it may be appropriate to encourage the development and expansion of programs with a prevocational orientation. The critical ingredients of such programs are that they are voluntary, that they play an advocacy role for welfare recipients and that they encourage women to become their own advocates. There are already models for this type of program in Maine and these should be utilized fully in future program development. (SEE RECOMMENDATION #6)

Peer Support And The Use of Volunteers

Peer support is an integral part of the job preparation and prevocational programs. Structured peer support among AFDC recipients has proven to be an effective means of increasing self-confidence and self-esteem, both in the process of preparing for work and in providing continued support while on the job.[6] Volunteers could also be used to a much greater extent in job preparation programs.

For example, the effectiveness of a "job club" approach to job seeking and interview skill training might be enhanced by using AFDC recipients, or former recipients, as group facilitators and role models. Working women from the community might also be willing to share their experiences and trade some skills, such as personal budgeting or time management, in a job preparation program. (SEE RECOMMENDATIONS #7, #8, AND #9)

## THE WIN PROGRAM

Legislative History

The 1962 amendments to the U. S. Social Security Act created the Community Work and Training Program, and the 1967 amendments established the Work Incentive Program (WIN), both of which were employment-oriented programs for AFDC recipients.

In 1971, amendments to Title IV of the Social Security Act significantly changed the nature and direction of the WIN program

from training to immediate employment whenever possible. The 1971 amendments mandated the registration of employable adult individuals for available work or training for work. Exempt from this registration requirement were the aged, incapacitated or ill, or caretakers of the young, aged, or ill. The amendments also required that at least one-third of WIN employment and training funds be spent for on-the-job training (OJT) and public service employment (PSE) to reverse the previous pattern of reliance on institutional training. As of 1982 the one-third provision will be eliminated from the WIN regulations.

The emphasis of the program was clearly sharpened to provide only those employment, training, and social services which contribute directly to immediate job placement. In spite of this shift in emphasis, the program continued to allow some discretion in the allotment of training resources, through a waiver provision which allows the extension of training on a case by case basis.

Administration, Procedures and Services

The WIN program in Maine is administered jointly by the Department of Human Services and the Job Services Division in the Department of Labor (Manpower Affairs).[8] There are seven WIN regional offices throughout the State, covering all areas except part of Washington County and parts of Aroostook.

All AFDC applicants and recipients are required to register with WIN, unless found exempt. Exempt registrants may also register on a voluntary basis. At the time of registration, applicants are informed of any appropriate job openings listed with the Job Services Division, but since WIN funds may be spent only on recipients, not applicants, this initial job assistance is usually minimal. This provision is also scheduled to change in 1982. It will become allowable to spend funds on applicants, the intent being to divert potential recipients from entering welfare wherever possible.

The next step is the development of an employability plan for each registrant. Job Service WIN staff and Human Services WIN staff, in consultation with the WIN client, develop a plan which sets forth an employment goal, training, employment and social services needs and the timetable for meeting these needs. This process will change somewhat according to the newly enacted provisions of LD 1662 (PL 1981 Chapter 512), which involves the Department of Educational and Cultural Services in the assessment process and in the formulation of an employability plan.

Human Services WIN staff next conduct a process of certification for the social services that are necessary for

individuals to gain and accept employment. When the appropriate services are arranged for, or it is determined that no services are necessary, Human Services WIN certifies that the client is ready for employment or training under one of the Job Services WIN program components. Those clients for whom WIN cannot provide the services necessary for employment, and the appropriate services are not available outside the WIN program, are not certified and become "unassigned" until there is either a change in status for those clients or a change in available services or program components. Registrants who work part-time are also generally included in this unassigned category. Those registrants who are certified must accept appropriate work or training. If they do not, their AFDC payment may be affected.

An unemployed WIN client may be placed in employment or referred to one of the following program components: work experience, OJT, PSE, institutional training or "intensive employability services" (IES). The services which comprise IES vary among WIN offices, but can involve instruction in job seeking skills, exposure to labor market information, job development and placement, and regular contacts between WIN staff and the participant. Job Club is a type of IES activity in which a number of clients learn these skills as a group under the supervison of WIN staff.

Clients may also be referred to non-WIN funded training, educational or employment programs, such as CETA. However, usually training of only a year or less in duration is funded. In these instances, the training or employment costs are largely assumed by the other program, but the client still remains registered with WIN, and is considered to be in a WIN program component. Upon completion of the non-WIN program, Job Service WIN has the primary program responsibility in assisting the client to find employment.

## WIN Registrants: Employment Status

According to data presented by the Region I office (Boston) of the U. S. Department of Labor, 74 percent of the cumulative total of WIN registrants in Maine in Fiscal Year 1980 were not working at the time they registered with WIN.[9] This data, based on information collected in Maine, is shown in Table #5.

Table #5

EMPLOYMENT STATUS OF WIN REGISTRANTS IN FY 1980
AT TIME OF REGISTRATION WITH WIN

| Employment Status | Number of WIN Registrants | Percent of Total Number |
|---|---|---|
| Employed full-time | 2,087 | 18 |
| Employed part-time | 913 | 8 |
| Not working | 8,418 | 74 |
| Total | 11,418 | 100 |

Of the 8,418 registrants not working at the time of registration, 23 percent (1,898) entered employment after registration and 19 percent (1,633) remained employed for over 30 days. Approximately 30 percent of the registrants entering employment found jobs after participating in a WIN training or employment component.

WIN Registrants: Participation in WIN Components

According to data collected by the Job Services Division, there were 1,984 registrants in the various WIN training and education components in Fiscal Year 1980.[10] This information is depicted in Table #6.

The percentage of those entering employment after participating in a WIN program component should not be the only basis for evaluating the component's effectiveness for the following reasons.

First, there may well be a number of participants who were able to find work subsequent to the time these data were collected. Second, the retention rate for those who enter employment may vary among the components. The overall employment retention rate for WIN registrants is around 87 percent, but this is based on only a 30-day follow up. A recent study of CETA placements in Massachusetts indicates that on-the-job training is associated with a significantly higher retention rate than placements resulting from job search assistance, skill training and basic remedial education.[11] Third, the quality of employment (i.e., the job stability, wages and oppportunities for advancement) may also vary among the components. Fourth, 57 of those entering employment participatd in more than one component. Finally, participants may have received other services besides WIN which influenced their employment status.

Table #6

PARTICIPATION BY WIN REGISTRANTS IN WIN PROGRAM COMPONENTS*
(FISCAL YEAR 1980)

| (a) Program Component | (b) Total # of Participants | (c) Total # of Participants Excluding those Still in Components at End of Reporting Period | (d) # of Participants Entering Employment | (e) % of Participants Entering Employment: (d) as a % of (c) |
|---|---|---|---|---|
| Intensive Employability Services (IES) | 764 | 513 | 321 | 63% |
| Job Club | 19 | 13 | 7 | 54% |
| Institutional Training | 134 | 75 | 38 | 37% |
| On-The-Job Training | 186 | 85 | 70 | 82% |
| Work Experience | 25 | 19 | 6 | 32% |
| Referral to CETA-PSE | 396 | 253 | 82 | 32% |
| Referral to CETA-Training | 741 | 408 | 126 | 31% |

*Caution should be exercised in inferring component effectiveness from these figures due to the reasons outlined in the text.

## WIN Registrants: Social Services Certification

Of the 3,917 WIN registrants who participated in the WIN Human Services certification process, 58 percent (2,263) were provided with some social services. Only 531 were found not to need social services.

The types and numbers of social services are presented in Table #7.

Table #7

NUMBER OF WIN REGISTRANTS CERTIFIED FOR SOCIAL SERVICES

| Service | Total # of Registrants For Whom Services Were Arranged* | # of Registrants Entering Employment and Receiving Service** |
|---|---|---|
| Child care | 2404 | 770 |
| Medical exam | 78 | 19 |
| Home & financial management | 9 | -- |
| Counseling | 569 | 169 |
| Home improvement | 10 | -- |
| Remedial medical/dental | 197 | 60 |
| Family planning | 2 | -- |
| Vocational rehabilitation | 6 | -- |
| Total | 3275 | 1018 |

*This column includes some double counting of those clients who may have received a service for more than one period throughout the year. It also includes services that were arranged for, but may not have been received due to subsequent changes in the registrant's status.

**This is an unduplicated count for each service, but those entering employment may have received more than one kind of social service.

As Table #7 indicates, the number of clients who received services and entered employment is much smaller than the number of services arranged for the client pool as a whole. Because the number who were in training and receiving services is not known, it is impossible to determine if services are being effectively matched with the needs of those in training or those entering employment.

1,123 registrants were not certified to receive social services, excluding those found not to be in need of social services. Table #8 indicates the reasons for this.

Table #8

REASONS WIN REGISTRANTS WERE NOT CERTIFIED FOR SOCIAL SERVICES

| Reasons | # of Registrants Not Certified | % of Total # of Registrants Not Certified |
|---|---|---|
| Day care services not available | 311 | 28% |
| Medical exemptions | 98 | 9% |
| Other necessary community services not available | 69 | 6% |
| Other reasons* | 645 | 57% |
| Total | 1,123 | 100% |

*"Other reasons" include individuals who could not be located, certification backlogs, applicants who were found to be ineligible, problems beyond the scope of available services and those who left welfare status.

In summary, 3,917 out of 11,418 or 34 percent of all WIN registrants were assessed for their social service needs. Of these 1,123 or 29 percent could not be provided with social services either within the WIN program or through referral to other programs.

## WIN Registrants: Summary Statistics

Although 11,418 people registered with WIN in FY 1980, the program's employment-related and social service resources are primarily directed to those who are not working or not awaiting recall from layoffs. When working registrants are subtracted from the total, the effective target population is about 8,300. Table #9 presents summary statistics on WIN registrants. The percentages refer to the effective target population.

Table #9

SUMMARY STATISTICS: EXPERIENCES OF NON-WORKING WIN REGISTRANTS

| Experience | # of Registrants | # as % of Total # of Non-Working Registrants (8,300) |
|---|---|---|
| Entered employment while registered with WIN | 1,875 | 23% |
| Left welfare following employment | 484 | 6% |
| Entered employment after participating in a WIN component | 538 | 6% |
| Entered employment without participating in a WIN component | 1,192 | 14% |
| Had WIN targeted job tax credits used by employer | 466 | 6% |
| Were certified for social services | 2,263 | 27% |
| Involved with "non-component" WIN activities (including certification process appraisal and development of employability plan and employment counseling) | 2,411 | 29% |
| Received social services and entered employment | 770-1,018 | 9-12% |
| Not certified for social services, because services could not be provided by WIN or in community | 1,123 | 14% |
| Were "unassigned" for other reasons: ...lack of transportation, physical limitations, or family problems | 1,060 | 13% |

Human Services WIN spent $105,856 on contracted services, child care and medical services. This is 15 percent of the total amount spent by Human Services WIN.

As Table #10 indicates, the percent spent by Job Services WIN for institutional training and OJT is significantly less than other New England states have spent for these services. Table #10 also indicates that Human Services WIN has also expended less on contracted day care and medical services than have other New England States. This may in part be due to the fact that in Maine it is the more usual practice to allow women to select and pay for their own child care services. The costs of these are then deducted from a woman's income for the purpose of grant calculation and she receives a larger AFDC check as a result. In some other states the WIN program pays outright for child care over a longer period of time. It is not known how the other New England States operate in this regard.

Table #10

WIN EXPENDITURES IN NEW ENGLAND FOR TRAINING AND SOCIAL SERVICES, BY STATE

| State | % of WIN Funds Expended on Institutional Training OJT Contracts and Training-Related Allowance Payments | % of WIN Funds Expended on Contracted Social Services (day care and remedial medical) |
|---|---|---|
| Maine | 11 | 15 |
| Connecticut | 24 | 23 |
| Massachusetts | 33 | 16 |
| New Hampshire | 30 | 42 |
| Rhode Island | 27 | 17 |
| Vermont | 19 | 15 |
| Regional Total | 28 | 20 |

More information is needed on the budgetary and administrative constraints at the state and federal level and on what provisions exist for increasing program flexibility. (SEE RECOMMENDATION #10)

## THE JOB SERVICE

### General Background Information

Job Service is part of a national federal-state Employment Service system. While its primary function is that of a labor exchange, Job Service also has responsibilities in connection with specific government employment and training programs, such as the relationship with WIN, described above. While most Job Service offices provide such services as counseling, testing, training, referral and job development, the bulk of attention is given to matching applicants and jobs. Job Service is totally funded by the Federal Government.

### Applicants

Job Service is open to all job seekers and employers. Most AFDC recipients have contact with Job Service through the WIN program, but some recipients who are not required to register with WIN also use Job Service.

In January 1981, 17 percent of all applicants at Job Service were welfare recipients. One-third of all female applicants were welfare recipients; and nearly 70 percent of all economically disadvantaged applicants were women. During FY 1980, a total of 541 non-WIN welfare recipients were referred by Job Serice to job interviews. Of these, 291 were placed - 35 through job development efforts - that is, no listing in the Job Bank existed for the jobs and employers were contacted directly. There were 133 job development contacts made on behalf of non-WIN welfare recipients.

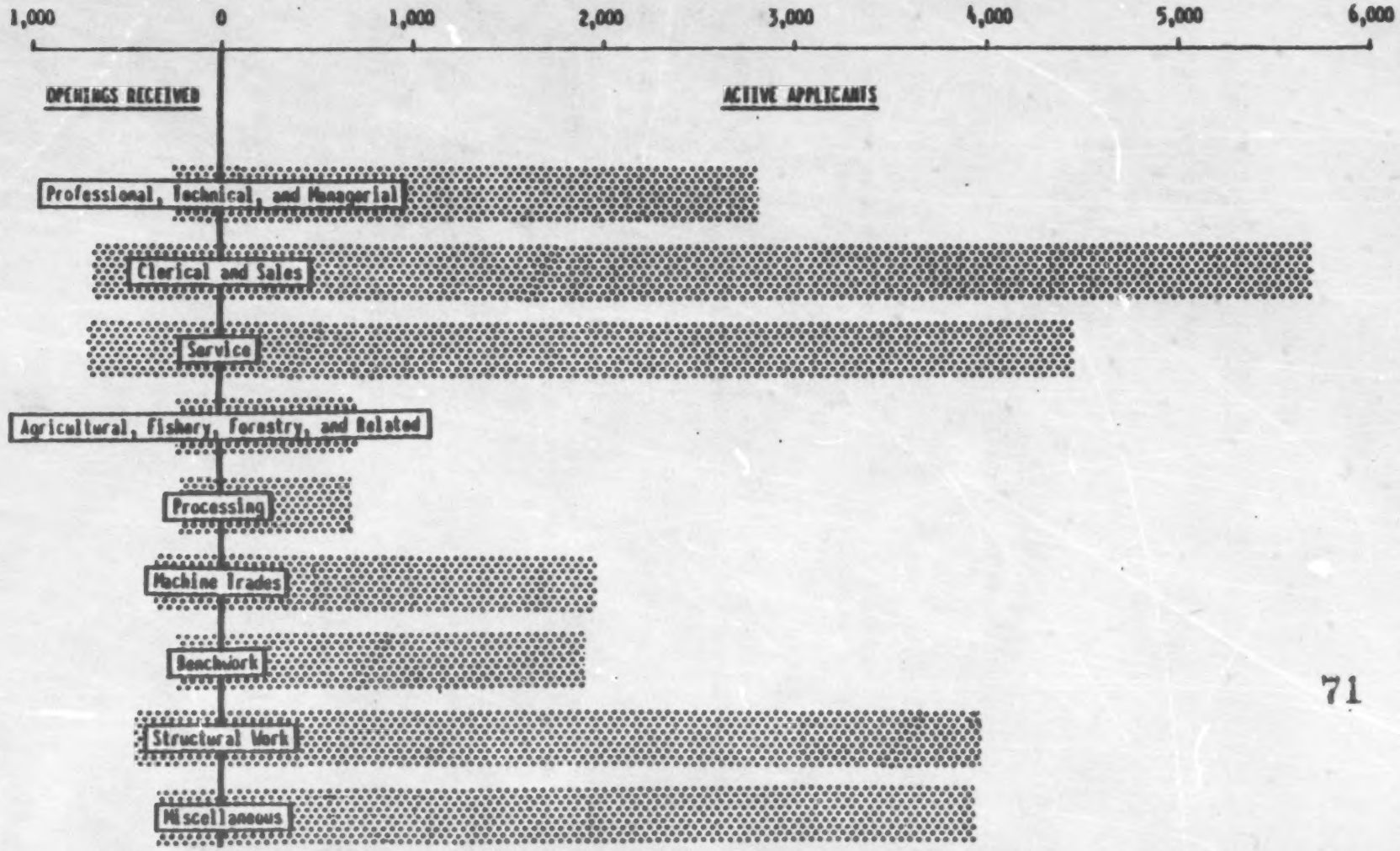
Figure D illustrates the discrepancy between job openings received at Job Services and active applicants from January to June in 1980.[12] In the two categories where the difference is greatest, clerical and sales and services, female applicants predominated at 80 percent and 68 percent respectively.

### Wages

Table #11 summarizes the average wages of persons placed in jobs by Job Service.[13]

Figure D

A COMPARISON OF JOB OPENINGS TO ACTIVE APPLICANTS, BY MAJOR OCCUPATIONAL CATEGORY, MAINE
JANUARY 1980-JUNE 1980 (Monthly Averages)




Source: Employment Security Automated Reporting System (ESARS), Table 93.

Table #11

AVERAGE WAGES OF PERSONS PLACED BY JOB SERVICE

| Category of Person | Average Hourly Wage |
|---|---|
| Female Welfare Recipients (WIN and non-WIN) | $3.26 |
| All Female Applicants | $3.29 |
| Male Welfare Recipients (WIN and non-WIN) | $3.31 |
| All Male Applicants | $3.88 |

Fifty-five percent of female welfare recipient wages were below $3.10/hour. These jobs were probably waitressing jobs or piece-work jobs where the employer guarantees that employees will make at least minimum wage.

It must be noted that these wages are generally underestimates. Employers are only required to report the minimum starting wages and where that rate is not available the minimum wage is substituted. Still, the relative differences among categories are of interest.

The issue of AFDC employment opportunities must be seen within the context of the labor market opportunities of all women. Female headed families in Maine have incomes that are on the average half of husband-wife families. One-third of all female headed families in Maine are below the poverty level,[14] and nearly two-thirds of all families receiving food stamps are headed by women.[15]

Figure D and the statistics on women and poverty indicates that there are many women, AFDC and otherwise, competing within the secondary labor market for traditionally female jobs at traditionally low female wages.

## COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

### Description of CETA Programs

The Comprehensive Employment and Training Act (1973) was enacted by the U.S. Congress in 1973. Ten CETA program titles are operating in Maine. All of these serve some AFDC recipients. Those that have served the most recipients, the public service employment programs (Titles II, Part D and VI) are being eliminated by the Reagan Administration.

The following is a brief description of the ten CETA programs.

Title II, Parts B/C provide counseling, work experience, skill training (including but not limited on-the-job training and vocational training), supportive services, employability development, and occupational upgrading and retraining. Also contained within this subpart is the Governor's Supplemental Vocational Education Assistance Grant (GSVEA), which provides funds for vocational training; the Governor's Coordination and Special Services Grant (GCSS), which funds research, coordination activities or model employment and training initiatives; and the Education Linkage Grant, which encourages linkages between the employment and training community and the education community. All three of these grants are administered by the State Employment and Training Council.

Title II, Part D provides Public Service Employment (PSE) for economically disadvantaged, structurally unemployed workers. This program has been eliminated.

Title III provides services to meet the employment-related needs of special groups, e.g., "303" programs for migrant and seasonal farm workers; "302" programs for Native Americans; the Help through Industry Retraining Program (HIRE) for veterans; and the Skill Training Improvement Program (STIP), which is open-ended in terms of demographic targeting, and provides training for advance skill level employment opportunities in the private sector. The HIRE and STIP programs expired in Fiscal Year 1980.

Title IV, Youth Employment and Training Program (YTEP) provides a comprehensive youth program designed to make a significant long-term impact on the structural unemployment problems of both in-school and out-of-school youth.

The Governor's Statewide Youth Services Grant provides Title IV YTEP funds for youth-oriented private sector job training, labor market information development, coordination, and other demonstration and research activities. This program is administered by the State Employment and Training Council.

Title IV, Youth Community Conservation and Improvement Projects (YCCIP) provides a labor-intensive program of local conservation and improvement projects which benefits both the community and the enrollees. This program will not be funded beyond 1982.

Title IV, Summer Youth Employment Program (SYEP) provides 12 weeks of useful public service work in the summer to eligible applicants.

Title IV, Job Corps provides young people with an intensive comprehensive training program in a group setting.

Title VI, Public Service Employment (PSE) provides temporary employment as either individual jobs or projects in the public sector. This Title's orientation has been primarily geared to periods of economic downturn. This program will be eliminated by the end of FY 1982.

Title VII, Private Sector Initiative Program (PSIP) provides public funds to support training in the private sector. Each prime sponsor in Maine is currently building a PSIP and a Private Industry Council (PIC). Title VII funds are also used in a voucher system of Targeted Jobs Tax Credits (TJTC).

Title VIII, Young Adult Conservation Corps (YACC) provides employment to youth in conservation work on federal and nonfederal public lands and waters. It is operated by the Maine Divison of Community Services. This program has been eliminated.

## Legislative History

Since its authorization, CETA has been the subject of several amendments.

As early as December 1974, CETA was amended by the Emergency Jobs and Employment Assistance Act of 1974 which added a new Title VI, an emergency PSE program, triggered on and off by unemployment rates. The Title VI PSE provision was further amended by the Economic Stimulus Act of May 1977, which greatly increased PSE funding.

The Youth Employment and Demonstration Projects Act of 1977 (YEDPA) added new provisions to Title III of CETA, creating a variety of programs targeted at the reduction of youth (16-21) unemployment.

Congressional reauthorization of CETA in 1978 led to a scrutiny of program outcomes and local administrative capabilities. Resulting changes in focus include a degree of recentralization, increased targeting of the economically disadvantaged and long-term unemployed and more stringent eligibility criteria, lower levels of PSE, and a lower ceiling on PSE wages. Heightened demands for accountability have led to a marked increase in reporting requirements.

A significant change was the addition of a new Title VII, authorizing the Private Sector Initiative Program and reflecting a desire for greater involvement of the private sector in CETA programming.

CETA will go through the reauthorization process again in 1982. The direction this reauthorization will take is an open question.

Administration: Prime Sponsors

The local programming and operation of CETA is the responsibility of "prime sponsors." Generally, prime sponsors are either states or units of general local government which have a population of 100,000 or more. Maine presently has three prime sponsors: Cumberland County CETA (Cumberland County); the Office of Maine CETA -- Balance of State -- (Aroostook, Somerset, Franklin, Oxford, Androscoggin, Sagadahoc, Lincoln, Knox, Waldo, Washington and York counties); and Penobscot Consortium Training and Employment Administration (Penobscot, Hancock, and Piscataquis counties). There are also three small Indian Prime Sponsors, but these are coordinated through Washington, not Maine.

Administration: State Employment and Training Council (SETC)

Although each prime sponsor reports directly to the Federal Government, the State Employment and Training Council (SETC) was created under CETA legislation as an advisory body to the Governor to make recommendations on improving the coordination and effectiveness of employment and training programs. Representated on the Council are members of the general public, the eligible population, business, labor, prime sponsors, state agencies and nonprofit agencies.

The SETC also has responsibility for the planning, contracting, evaluating and fiscal management of the Governor's grants.

The Governor's Coordination and Special Services Grant has as its long term goals:

- Improved Labor Market Information (LMI) to aid employment and training deliverers in LMI identification, analysis and utilization, to understand need;

- Programs for special target groups whose needs are not met by existing programs;

- Enhanced delivery of employment and training and related services, to identify needs and develop technical assistance for agencies involved in employment and training program delivery; and

- Establishment of public and private sector economic development projects which integrate job programs with economic development programs and related funds.

The Govenor's Youth Services Grant funds model programs concerning the employment of youth.

## Comparison of CETA to Earlier Manpower Programs

CETA differs from earlier manpower programs in three major areas.

First, the responsibilities of planning, operating and managing the program remain with the local sponsor of the program. Previous manpower programs were more centralized at the federal level and, in many cases, did not take into account state and local labor market conditions which profoundly affect the unemployed, under-employed, and unskilled individual looking for a job.

Second, each prime sponsor under the Comprehensive Employment and Training Act is responsible for administering a full array of manpower services managed from one location. These services include work experience, on-the-job training (OJT), classroom training, public service employment (PSE) opportunities, job counseling and other services deemed necessary to increase the employability potential of the individual. This "umbrella" nature of manpower programming is unique to CETA.

Third, in order to deliver extensive, comprehensive manpower services, consolidation of prior local programs which had offered one or more of the above-mentioned services occurred with the enactment and implementation of CETA.

## AFDC Recipients in CETA Programs

There were 22,250 participants in Maine's CETA programs in Fiscal Year 1980. Of these, 4,543 or 21.2 percent were AFDC recipients.[16] It is important to note, however, that this figure includes both AFDC household heads and AFDC dependents. While employment and training opportunities for both are equally important, the cental concern for the purposes of this report is the AFDC head of household. This number can be estimated by subtracting out youth program participants, on the assumption that most of these will be dependents and not household heads. While there probably are AFDC mothers in some of the youth programs, there are also some dependents in some of the non-youth programs so that the two may cancel out.

Using this approximation, 2670 or 12 percent of CETA participants in FY 1980 were AFDC heads of household. There was an average of 20,300 AFDC cases in 1980, so about 13 percent of these were CETA participants.

Title II, Parts B/C, which provide comprehensive programming, served the greatest number of adult AFDC recipients: 1,444. Following this, Title II D (PSE) and Title VI (PSE) served the next largest numbers of AFDC recipients; 684 and 306 respectively. These are the programs that will be eliminated over the next two years. Presently, 37 percent of all adult AFDC recipients in CETA are served by these programs. If no programmatic adjustments are made, adult AFDC participation could fall from 13 percent to around eight percent.

Table #12 compares the percent of AFDC recipients entering unsubsidized employment with the total percent of CETA program participants entering employment.[17] In only two programs is the entered employment rate for AFDC recipients even close to the total placement rate. Title VI PSE had an overall placement rate of 56.1 percent; for AFDC recipients it was 51.3 percent. The Title III STIP program also had equivalent rates but the number of recipients was quite low, nine out of 70 enrollees.

Table #12

AFDC PARTICIPANTS IN CETA IN FY 1980

| Title | Number AFDC | Percent AFDC | % Entering Unsubsidized Employment: Total | AFDC |
|---|---|---|---|---|
| II B/C | 1444 | 21.2 | 74.6 | 35.2 |
| *II D (PSE) | 684 | 21.3 | 61.1 | 32.8 |
| II GCSS | 29 | 29.3 | 54.2 | 0 |
| II GSVEA | 38 | 17.7 | 82.8 | 37.9 |
| II ED Linkage | 11 | 30.6 | - | - |
| **III STIP II | 9 | 12.9 | 82.9 | 83.3 |
| **III HIRE II | 1 | 0.4 | 61.9 | 100.0 |
| III 303 | 64 | 18.1 | - | - |
| III 303 YETP | 13 | 18.6 | - | - |
| *VI PSE | 306 | 11.6 | 56.1 | 51.3 |
| VII PSIP | 71 | 18.2 | 87.9 | 35.8 |
| Total non-youth | 2670 | (12% of Total Participants) | | |
| IV YETP | 527 | 19.6 | 89.0 | 25.6 |
| IV YCCIP | 42 | 20.4 | 69.0 | 12.5 |
| IV SYEP | 1263 | 38.2 | 89.1 | 2.1 |
| IV CYEP | Not known | | | |
| IV Yet Exemplary | 32 | 46.4 | 76.8 | 12.5 |
| IV Job Corps | Not available | | | |
| IV Gov's Youth | 9 | 14.3 | - | - |
| Total youth | 1873 | (8.4% of Total Participants) | | |

*Will be eliminated by Reagan Administration.

**Expired in FY 1980.

It should be noted that there are other positive outcomes from CETA participation which AFDC participants may have experienced, such as entering school or other training, but this data is not readily available.

Table #13 is a summary of the programs funded by the three Governor's grants. It includes the number of AFDC recipients served by each.

Table #13

GOVERNOR'S GRANTS: SUMMARY OF PROGRAMS WHICH POTENTIALLY AND ACTUALLY SERVE AFDC RECIPIENTS

| Grant | Program Funded by Grant | Total # of People Served | # of AFDC Recipients Served |
|---|---|---|---|
| Coordination and Special Services Grant | Women's Training and Employment Program | 90 | 52 |
| | Coastal Enterprises (Fisheries model program) | 16 | 0 |
| Vocational Education Grant | Penobscot Consortium | | |
| | LPN | 18 | 7 |
| | Wood Harvesting | 10 | 2* |
| | York County CETA | | |
| | LPN | 6 | 2 |
| | Cumberland County CETA | | |
| | Machine Tool Operation | 40 | 0 |
| | Office of Maine CETA | | |
| | LPN | 28 | 5 |
| | Wood Haresting | 19 | 0 |
| Youth Services Grant | Project Advance (model program for young parents) | 22 | 8 |

*These were male dependents of AFDC recipients.

## Support Services

The level of support services is critical in all programs serving AFDC recipients. Providing sufficient support services is necessary to ensure successful participation in CETA programs, including follow-up support and counseling after placement. This emphasis is in conflict with other program goals such as keeping

cost per participant low and serving the greatest numbers of CETA eligibles. Decisions on quantity versus quality can best be made on a program basis, combined with knowledge of individual needs and capabilities. (SEE RECOMMENDATION #11)

Quality Jobs

A Massachusetts study of job retention in the CETA system found that wages had the largest impact of any variable studied on job retention.[18] A less obvious finding was that increasing "industrial specificity" had a positive influence on job retention. Industrial specificity is the degreee to which employment in the placement occupation is concentrated in one industrial category. Industry specific occupations tend to entail job skills which are comparably less transferable across industries. Also, in so far as industry specific occupations may entail comparatively unique or specialized job skills the work may be less routine, more interesting, and therefore more likely to be retained.

These factors, in combination with the need for higher paying jobs in order that recipients can leave welfare, indicate a need for CETA to concentrate on training and placement in high quality jobs. (SEE RECOMMENDATION #12)

Targeting by Prime Sponsors

Because AFDC recipients are specified as a CETA target group, according to federal regulation, Prime Sponsors will have to increase AFDC recruitment into other Titles to compensate for the loss of Titles II D and IV PSE programs. At the same time, close attention should be paid to increasing placement and retention rates in other Titles.

There is a second level of targeting within CETA programming which must be considered in a discussion of AFDC recipients. There are a variety of courses and programs within each CETA Title but enrollments by sex and other target characteristics are not aggregated or reported on at this level. Most CETA programs are enrolled along conventional sexual lines. There are predominately female courses, such as LPN, nurses aides, and clerical; and predominately male courses, such as electronics, plumbing, and machine tool. The summary of the Governor's Grants programs in Table #13 illustrates this point, and there is nothing to indicate that other CETA programs differ significantly.

Appendix A contains a listing of occupations that, if entered, could lead to welfare independence for AFDC recipients

in Maine. Most of these are considered "nontraditional" for females. Increasing training opportunities for occupations such as these, and increasing female enrollments in such training, should become a CETA priority. (SEE RECOMMENDATION #13)

Targeting by SETC

SETC has as one of its goals under the Governor's Coordination and Special Services Grant, programs for special groups whose needs are not being met by existing programs. Project Advance - for teenage parents - and the Women's Training and Employment Program - for economically disadvantaged single heads of household - served a substantial percent of AFDC recipients under this grant. However, WTEP's future is uncertain now that SETC funding has ended and Project Advance will be funded only until the fall of 1981.

The SETC Governor's Special Grant Annual Plan (FY 1982) contains reference to implementing the recommendations of the Work Opportunities Committee. This activity is cited as an optional grant, which means it will be considered if and when additional funds become available. Because the recommendations of the Work Opportunities Committee were not final during SETC's 1982 planning period they could not be fully included in the plan. The final recommendations of the Work Opportunities Committee will be available for SETC planning in FY 1983, it is hoped that those recommendations which have applicability for SETC become a funding priority at that time. (SEE RECOMMENDATION #14)

## Apprenticeship Programs

The Apprenticeship and Training Council is a state program that has been established since 1943. The Council is an eleven member body appointed by the Governor. There are four representatives of labor, four of management, and three of the general public. The Council registers apprenticeship programs presented by employers and registers the apprentices of approved programs. The Council does not place nor subsidize apprentices.

The enrollment of women in apprenticeship programs is extremely low. In 1980 there were 62, or 3.3 percent of women out of 1861 registered apprenticeships.

Affirmative action is one tool in place that is designed to correct this imbalance, but this is of limited effectiveness because:

- The Apprenticeship Council does not monitor affirmative action plans.

- An Affirmative Action plan is required of only those businesses having five or more registered apprenticeships.

- All that is required of those filing Affirmative Action plans is demonstration of a "good faith effort," a term which has not be defined.

The numbers are also low because many women lack the requisite math skills for acceptance and because women who enter "nontraditional" skill areas must deal with hostility both at home and on the job.

The 110th Legislature passed a bill (LD 1662) that creates an apprenticeship program specifically for AFDC recipients. This bill has the whole hearted endorsement of the Work Opportunities Committee. (SEE RECOMMENDATIONS #14, #15 and #16)

## FOOTNOTES FOR PART FOUR

1. The proportion is impossible to determine precisely because of double counting between and within programs, and vagueness in definition on what constitutes a service. The same problems apply to calculating the numbers of recipients who are placed through these programs. However, a rough estimate of minimum and maximum placments follows:

| Maximum Placements | Minimum Placements |
|---|---|
| 1,875 WIN registrants entering employment | 538 entered employment after participating in a WIN component |
| 524 entered from CETA (subtracting WIN referrals) | 524 same as minimum |
| 291 placed by Job Service (may be doubling counting and non AFDC in this figure | 0 |
| 2,690 | 1,062 |

The maximum estimate assumes that all those who entered employment while in WIN did so as a result of registering with WIN. The minimum assumes that only those who participated in intensive employability services, institutional training, work experience or referral to CETA training or CETA PSE, entered employment as a result of their WIN participation. The entered employment figure is 683 or 538 or 521, depending on how ESARS tables are interpreted. The maximum estimate assumes that all non WIN welfare recipients placed through Job Service were AFDC recipients, although it is possible that none of them were.

2. Will Richards, Department of Manpower Affairs. "The Transitioning of AFDC Recipients to Good Jobs in the Labor Market," January 1981.

3. Both the Displaced Homemakers Program and the Women's Training and Employment Program have had success with AFDC recipients although neither targets this group exclusively. New Hampshire has Women for Higher Education, which serves just AFDC women and has an over 70 percent success rate in helping women to leave welfare. Displaced Homemaker projects in other states have been successful for women of varying economic status.

There was also general agreement among members of the Work Opportunities Committee that this kind of training was effective.

4. The Women's Training and Employment Program is described under CETA programs, the Displaced Homemakers Project is described in the Vocational Education section.

5. There is some attempt to provide appropriate role modeling by WIN in that each WIN office has a "coach," that acts as a contact person for WIN trainees at the training sites. These are preprofessional positions that are presently filled by WIN participants in five out of seven cases.

6. When participants in WTEP or Displaced Homemakers are asked to describe what they liked about the program, group support and sharing are almost invariably mentioned as one of the features they feel was most important.

7. Job Club is a group approach to job finding in which members participate in job seeking activities such as employer contacts, interview and resume techniques.

8. Within the Department of Human Services, the Bureau of Social Welfare has had responsibility for the WIN Program. This responsibility is being transferred to the Bureau of Resource Devlopment (soon to be renamed the Bureau of Social Services). Within the Department of Manpower Affairs, the Job Service Division in the Bureau of Employment Security has responsibility for the WIN Program.

9. U. S. Department of Labor, Region I, Regional Management Information Report, FY 1980.

10. All WIN Program figures in the remainder of this section are from the ESARS management information system, Job Services Division, Department of Manpower Affairs. The figures are for FY 1980.

11. Massachusetts Department of Manpower Development, "The Influence of Occupational Characteristics and Economic Conditions on Job Retention in the CETA System" April 1981.

12. Department of Manpower Affairs, Maine Statewide, Labor Market Review, October 1980. (ESARS), Table 93.

13. ESARS, 9/30/80.

14. CPR Consumer Income Series P-20, #120. Tables 4A and 4C, March 1978.

15. State Planning Office, SIS-6, June 1981.

16. Total participant placement figures from "CETA Activity in the State of Maine, Fiscal Year 1980," SETC.

17. AFDC placement figures from "Quarterly Participant Characteristics," Sponsor.

18. Massachusetts Department of Manpower Development, op cit.

# PART FIVE:

# EDUCATION PROGRAMS

## RECOMMENDATIONS: EDUCATION PROGRAMS

#17 CHILD CARE AND TRANSPORTATION SHOULD BE "PACKAGED" WITH INFORMATION ON ADULT EDUCATION PROGRAMS IN ORDER TO INCREASE AFDC PARTICIPATION. ADULT EDUCATION PLANNERS AND LOCAL SCHOOL COMMITTEES SHOULD MAKE MAXIMUM USE OF SCHOOL BUSES AND CAR POOLS TO TRANSPORT ADULT STUDENTS AND INCREASE COORDINATION WITH LOCAL CHILD CARE PROGRAMS. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES. (pages 64 through 66)

#18 INFORMATION ON LOCAL ADULT EDUCATION PROGRAMS AND THE AVAILABILITY OF CHILD CARE AND TRANSPORTATION SHOULD BE COMMUNICATED THROUGH MONTHLY AFDC CHECK MAILINGS. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENTS OF EDUCATIONAL AND CULTURAL SERVICES AND HUMAN SERVICES. (pages 64 through 66)

#19 THE VOCATIONAL EDUCATION SYSTEM SHOULD CONTINUE ITS EFFORTS TO INCREASE FEMALE ENROLLMENTS IN NONTRADITIONAL VOCATIONAL EDUCATION, WITH INCREASED EMPHASIS ON THE RECRUITMENT OF WOMEN, PARTICULARLY AFDC WOMEN, INTO NONTRADITIONAL VOCATIONAL EDUCATION. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES. (pages 67 and 68)

#20 IN ACCORDANCE WITH THE PROVISIONS OF LD 1662 (PL 1981, CHAPTER 512) VOCATIONAL TECHNICAL INSTITUTES AND THE UNIVERSITY OF MAINE SHOULD, WITHIN AVAILABLE FUNDS FOR SUPPORTIVE SERVICES, MAKE AVAILABLE TO RECIPIENTS OPPORTUNITIES FOR SUPPORTIVE SERVICES WHICH INCLUDE BUT ARE NOT LIMITED TO REMEDIAL COURSES AND OTHER PREVOCATIONAL PREPARATION, DAY CARE SERVICES, COUNSELING SERVICES AND OTHER PROGRAMS AND SERVICES. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES. (pages 67 and 68)

#21 IN ACCORDANCE WITH THE PROVISIONS OF LD 1662 (PL 1981, CHATER 512) VOCATIONAL TECHNICAL INSTITUTES AND THE UNIVERSITY OF MAINE, SHOULD PROMOTE OPPORTUNITIES FOR EDUCATIONAL PLACEMENT FOR RECIPIENTS OF AFDC WHO MEET ADMISSION REQUIREMENTS. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES. (pages 67 and 68)

#22 CAREER EDUCATION PROGRAMS SHOULD CONTINUE TO DEVELOP AND EXPAND IN MAINE'S SCHOOL SYSTEM. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES. (pages 68 and 69)

#23 THE AFDC COORDINATING COMMITTEE ESTABLISHED IN LD 1662 SHOULD ASSUME AS ONE OF ITS OBJECTIVES TO ENHANCE THE ACCESSIBILITY AND RESPONSIVENESS OF THE CAREER INFORMATION DELIVERY SYSTEM TO AFDC RECIPIENTS. (page 69)

## INTRODUCTION

Most educational programs have no specific charge to serve the AFDC population as such, but virtually all can be decisive in enabling the transition from welfare to ecomonic independence.

There is little data on AFDC participation in most education programs, with the exception of data collected through the Governor's Vocational Education CETA Grant. Therefore, education programs are discussed in this report in the context of the barriers welfare recipients are likely to encounter in utilizing educational resources.

The barriers to AFDC recipient participation in education can be summarized in the folowing way:

- Support services. Lack of child care and transportation are obvious impediments, particularly in rural areas.

- Information and encouragement. Information on educational resources is not a primary function or goal of the AFDC, WIN or CETA programs. As á result information on education programs is not consistently conveyed to AFDC recipients, nor are recipients consistently encouraged to participate in educational programs.

- Sex equity in vocational education. Secondary vocational education programs are typically enrolled along traditionally sex-typed lines and this distinction also holds true in the post-secondary system. Sexual sterotypes are established long before students enter secondary education, but enrollments in vocational education demonstrate the degree of segregation much more clearly.

- Remedial preparation for post-secondary education and training. A large proportion of AFDC recipients lack a high school diploma. This is a significant and obvious barrier to becoming self-supporting. Beyond this basic prerequisite, however, is the need for women to develop the specific skills (math, science) that will allow them to begin skill training for higher paying occupations.

- Motivation. It is often difficult for recipients to perceive that they have the ability to succeed in an academic setting where they have previously failed and that gaining a high school diploma will improve their economic status. The experience of the Womens Training and Employment Program suggests that many recipients can easily obtain their diploma, once they are given the support and encouragement to do so and once they come to believe that it can make a difference to their future.[1] There is some

evidence that confirms the truth of recipient perceptions that obtaining a high school diploma, by itself, may not change their economic status. Of those WIN registrants who entered employment, 46.5 percent did not have a high shcool diploma. This is precisely the same percentage as in the total WIN population This indicates that those with a high school education did no worse or better in finding employment than those with a diploma. On the other hand, this statistic should not be taken too literally. It is possible that those with high school diplomas obtained better jobs, although the great majority of the reported entry wages reported by the WIN program are very low. There are also likely to be substantial intangible benefits to acquiring a GED, such as increased self-confidence and motivation which stems from the experience of success where previously there was failure.

## ADULT EDUCATION

### Description of Programs

There are a number of programs offered by the adult education system in Maine.

Adult Basic Education is a federally funded program geared for those adults with less than an 8th grade level of reading, writing, and computational skills. There is no cost to participants.

Adult Vocational Education includes programs offered for up-grading skills, retraining and supplemental skills. The cost is usually around $5.00 a course per participant.

General Evening School programs are offered in crafts and avocational pursuits -- including health, effective parenting, communicating with teens. A small fee may be charged.

High School Completion courses are geared for individuals to earn their high school diplomas. There is no cost to participants.

GED is the high school equivalency examination. There are 85 testing sites. The cost is $15 per participant, but the fee is waived for AFDC recipients.

Adult Handicapped programs are specifically geared for those handicapped adults who cannot benefit from regular classroom instruction.

Adult Literacy programs are state-funded programs for those with low reading, writing, and math skills. There is no cost to participants.

## Effect of Participation

A study of adult education participants in Maine assessed the impact of participation among those who had received public assistance within the last five years.[2] The results are shown in Table #14. They indicate that the self-asessed changes become increasingly positive as more courses are completed.

Table #14

IMPACT OF PARTICIPATION IN ADULT EDUCATION PROGRAMS UPON SAMPLE RECEIVING PUBLIC ASSISTANCE IN THE PAST FIVE YEARS

| Type of Change | Percent of Total Group | Percent of Those With at Least One Course Completed | Percent of Those Having Completed at Least Four Courses |
|---|---|---|---|
| Job-Related Change (Obtained job, promotion or improved performance) | 20.4 | 27.0 | 53.6 |
| Higher Income or a Raise | 11.6 | 15.3 | 30.4 |

In 1980, 46.5 percent of the registrants with WIN did not have a high school diploma. There is an obvious need for more recipients to participate in adult education programs.

The primary barriers to partipation in these adult education programs are child care, transportation, information and motivation. Motivation will become less of a barrier only when AFDC recipients perceive that obtaining a high school degree or other education will make a real difference in their economic circumstances. (SEE RECOMMENDATIONS #17 AND #18)

## VOCATIONAL EDUCATION

### Description of Programs

There are 24 secondary vocational centers and regions and six post-secondary vocational technical institutes (VTI's) in Maine. This system serves high school juniors and seniors, people who completed high school and are seeking a career, and those adults in the labor market who need skill upgrading or retraining.

### Displaced Homemakers Project

The Bureau of Vocational Education has funded the Displaced Homemakers Project for the past three years. The program was also awarded $30,000 by the 110th Legislature. This program is located at the University of Maine at Augusta and serves women throughout Kennebec County. The program has recently expanded its services on a limited basis to Waterville and the Bath area. Additional outreach and training is planned for fiscal year 1982 in the communities of Lewiston, Auburn and Bangor. The program provides a range of prevocational services and structured group support to displaced homemakers. Of the 205 displaced homemakers completing comprehensive prevoctional training, 40 (or 19.5%) were AFDC recipients. Around 700 additional displaced homemakers have received information and support services and self-sufficiency training since 1978, with approximately the same percentage of AFDC recipients among the total served.

### Women's Vocational Exploration Program

The Women's Vocational Exploration Program is a cooperative effort between the Women's Training and Employment Project and the Bureau of Vocational Education. The program has run this summer at Eastern Maine Vocational Technical Institute, Southern Maine Vocational Technical Institute, and Northern Maine Vocational Technical Institute for eight weeks. Eighteen women at each VTI will explore five trade areas, in addition to personal decision-making and career planning. The program might be incorporated into regular VTI offerings in the future.

### Participation by AFDC Recipients

Although there are no statistics on AFDC recipient participation in the vocational education system, the following data in Table #15 on all female students imply[3] that AFDC recipients are not likely to be well represented.[4] Female enrollment in all six VTI's averaged 23 percent in 1976.

Table #15

FEMALE VOCATIONAL EDUCATION ENROLLMENTS
MAINE AND THE NATION (1976)

| Program | Percent Female: Maine | Nation |
|---|---|---|
| Agriculture | 14.7 | 11.3 |
| Distribution | 42.7 | 48.0 |
| Health | 70.6 | 78.7 |
| Consumer, Homemaking | 85.0 | 83.2 |
| Home Economics | 82.9 | 84.7 |
| Office | 71.0 | 75.1 |
| Technical | 6.3 | 11.3 |
| Trades, Industry | 6.6 | 12.7 |
| Special Programs (includes industrial arts) | 2.5 | 33.3 |

There is considerable competition for VTI openings. For example, Southern Maine VTI had 5000 applications for 1700 slots last year. AFDC recipients are often not vocationally ready for the technically oriented programs offered by the VTI's. For example, a relatively advanced knowledge of math is required to succeed in an electronics program. The same barriers which inhibit recipient utilization of adult education programs exist in vocational education, with the additional barrier of overcoming sexual stereotyping in nontraditional courses. The vocational education system has been making efforts in recent years to remedy the imbalance in course enrollments. There is a full time vocational education sex equity coordinator and there have been numerous workshops, teaching resources, and conferences on the subject. The Women's Vocational Exploration Program, is another example of these efforts. (SEE RECOMMENDATIONS #19, #20 AND #21

## OTHER PROGRAMS

### Career Education

Many of the causes for the pattern of sexual segregation that occur in vocational education and CETA programs have their origins in behavior patterns that are established long before women enter these systems.

It is very likely, for example, that most young women and girls still believe that they will not be required to assume primary economic responsibility for themselves or their future families. This belief is likely to persist, demographic statistics to the contrary, and the failure of young women to

prepare for that eventuality will greatly increase their chances of someday ending up on welfare.

While it is not the primary or sole responsibility of any one institution to ensure that individuals are adequately prepared to make wise decisions under changing circumstances, the primary and secondary schools can play a large part. Career education, defined in its broadest sense as helping individuals to take responsibility and gain control over their lives, is one tool that can be used in primary and secondary schools to encourage preparation and planning for change. (SEE RECOMMENDATION #22)

## Career Information Delivery System

The Department of Educational and Cultural Services has developed a computerized Career Information Delivery System which allows users to match their skills, aptitudes and interests with job descriptions, education and training sites, including CETA training, and sources of financial aid. Access to job bank openings and employment trends currently are being developed. There are presently 100 sites for using the system in Maine, including all University of Maine campuses, 70 high schools, four Job Service offices, two vocational rehabilitation offices, and several CETA sites.

For AFDC recipients to take full advantage of this system they need to be informed of its existence and instructed in its use. (SEE RECOMMENDATION #23)

## Financial Aid Programs

AFDC recipients are eligible for financial aid programs on the same basis as everyone else, according to need. Funding for most financial aid programs is very likely to be reduced in future years. Competition for funds will, therefore, increase.

No data is available on the numbers of AFDC recipients receiving or applying for financial aid.

## FOOTNOTES FOR PART FIVE

1. This is based on the experience of participants in the Women's Training and Employment Program. A condition of acceptance into the program was that women either have or are working toward a high school diploma. Most women had little difficulty in meeting this requirment once they decided they wanted to be in WTEP.

2. Department of Educational and Cultural Services, Divison of Adult Education. "A Study of Adult Education Participants in Maine."

3. Department of Manpower Affairs, A Handbook For and About Working Women in Maine, 1980. Table #13.

4. Ibid, Table #14.

# PART SIX:

# COORDINATION

## RECOMMENDATIONS: COORDINATION

#24 THE PROVISIONS OF LD 1662 (PL 1981, CHAPTER 512) SHOULD BE IMPLEMENTED IN AN EXPEDITIOUS AND EFFECTIVE FASHION BY THE DEPARTMENTS OF HUMAN SERVICES, EDUCATION AND CULTURAL SERVICES AND LABOR. (pages 72 through 74)

#25 THE AFDC COORDINATING COMMITTEE AND ITS ADVISORY COUNCIL SHOULD TAKE THE RESPONSIBILITY FOR COORDINATING THE IMPLEMENTATION OF THE RECOMMENDATIONS CONTAINED IN THIS REPORT OF THE WORK OPPORTUNITIES COMMITTEE. (pages 72 through 74)

#26 THE AFDC COORDINATING COMMITTEE AND ITS ADVISORY COUNCIL SHOULD DEVOTE ADEQUATE RESOURCES AND TIME TO EFFECTIVELY COORDINATE THE IMPLEMENTATION OF THE RECOMMENDATIONS. (pages 72 through 74)

#27 FORMAL LINKAGES SHOULD BE ESTABLISHED AMONG PROGRAMS THAT SERVE AFDC RECIPIENTS. THE OBJECTIVE OF SUCH LINKAGES SHOULD BE TO MAXIMIZE THE USE OF AVAILABE RESOURCES ON THE BEHALF OF INDIVIDUAL CLIENTS. REGULAR MEETINGS AMONG REGIONAL AND LOCAL PROGRM STAFF SHOULD BE INSTITUTED THAT INFORMATION ON PROGRAMS AND RESOURCES ON THE NEEDS OF INDIVIDUAL CLIENTS AND ON POTENTIAL EMPLOYERS CAN BE EFFECTIVELY SHARED AND ACTED UPON. INCLUDED IN THESE MEETINGS SHOULD BE WIN AND CETA STAFF, REPRESENTATIVES OF LOCAL AND REGIONAL EDUCATION PROGRAMS, BUSINESS REPRESENTATIVES, AND REPRESENTATIVES OF OTHER RELEVANT COMMUNITY BASED ORGANIZATIONS, SUCH AS COMMUNITY ACTION AGENIES AND AFDC INCOME MAINTENANCE STAFF. THE AFDC COORDINATING COMMITTEE SHOULD ASSUME THE LEAD IN IMPLEMENTING THIS RECOMMENDATION. (page 74)

a. MECHANISMS SHOULD BE ESTABLISHED TO ENSURE THAT AFDC ELIGIBILITY WORKERS ARE KEPT CONTINUALLY INFORMED AND ADVISED OF THE LOCALLY RELEVANT PROGRAMS AND RESOURCES AVAILABLE TO AFDC RECIPIENTS IN ORDER THAT THEY MAY MOST EFFECTIVELY SERVE AS REFERRAL SOURCES FOR THEIR CLIENTS. (pages 74 and 75)

b. THE STATE EMPLOYMENT AND TRAINING COUNCIL SHOULD DESIGN AND ASSIST IN THE IMPLEMENTATION OF LOCAL LEVEL COORDINATION OF SERVICE DELIVERERS TO AFDC RECIPIENTS BY PROVIDING WORKSHOPS AND TRAINING TO PROVIDER AGENCY STAFF. (page 74)

#28 WIN STAFF SHOULD BE ASSIGNED THE RESPONSIBILITY FOR EXPLAINING THE WIN PROGRAM AND RELATED EMPLOYMENT AND TRAINING RESOURCES TO ALL AFDC APPLICANTS. (page 75)

## INTRODUCTION

### Coordination Among Programs Serving AFDC Recipients

Welfare recipients are required to report to a number of different agencies. In the process they are often misinformed or not informed about other resources which may be available to them. Communication and coordination among education programs and employment and training programs is sometimes sporadic or ineffective. In additon, the Food Stamp, Medicaid and AFDC programs are administratively and often geographically separate. One result of this lack of communication and fragmentation is that women on welfare are often prevented from discovering ways to gain independence from the welfare system. Another result is that accountability for results is diffused among several agencies and, therefore, hard to pinpoint.

### LD 1662

The 110th Legislature enacted LD 1662 (PL 1981, Chapter 512), "An Act to Establish and Coordinate Training, Education and Employment Programs for Recipients of Aid to Families with Dependent Children." Although development of this legislation was begun before the Work Opportunities Committee was convened, the work of the Committee has confirmed the need for such legislation and supported its intent. It is hoped that this document will serve as a resource and as a statement of policy objectives for implementation of the Act.

The legislation states: "It is the policy of the State to use available resources and institutions to provide education, training and job opportunities to qualified and eligible recipients of the Aid to Families with Dependent Children program with the goal of enabling them to become self-sufficient and to eliminate their dependency on public assistance."

"It is the intent of this chapter to commit these resources and institutions to this goal, and to provide for effective coordination that can result in recipients of Aid to Families with Dependent Children becoming self-sufficient."

There are essentially three approaches taken in the legislation toward this goal. First, an apprenticeship program for AFDC recipients is established. This program is described on page 57. Second, there are provisions in the law which will facilitate communication and coordination between state economic development efforts and the AFDC Coordinating Committee. These are described on page 80. Third, the legislation changes some of the procedures of the WIN program to allow increased

participation of other agencies and programs that pertain to the AFDC population, particularly the Department of Education and Cultural Services.

The legislation establishes an AFDC Coordinating Committee which consists of the Commissioners of Human Services, Labor (Manpower Affairs) and Educational and Cultural Services or their designees. The purpose of the Committee is to carry out a state policy and legislative intent of providing education, training and job opportunities for AFDC recipients. The responsibilities of the Committee include:

- Encouragement of the establishment of a single administrative office for the WIN program in which all WIN staff with statewide responsibility from the Department of Human Services and the Deparment of Labor (Manpower Affairs) will be located;
- Preparation of a Work Incentive Program budget;
- Development of a state WIN plan;
- Establishment of priorities and allocation of funds relating to the WIN program;
- Development of training for WIN staff;
- Establishment of procedures for assessments of registrants;
- Development of training, education and placement opportunities;
- Provision of information to WIN staff about the availability of education and training opportunities within the State; and,
- Establishment of an advisory council.

The advisory council will include at least two AFDC recipients, one employer, one labor representative, one member of the Maine Commission for Women and one or more representatives of organizations or agencies which have experience in addressing the training, education and job needs of low income women.

The Committee is charged with encouraging the development and ensure coordination of training, education and preapprenticeship programs, supportive services and remedial and preparatory programs at the University of Maine, the vocational-technical institutes, the Apprenticeship and Training Council and other institutions and programs. It will also encourage these and other institutions and programs to promote opportunities for

educational placement for recipients who meet admission requirements.

Finally, the Committee will establish procedures to ensure that appropriate education and training support resources, grants-in-aid and scholarships are made available to eligible recipients.

The legislation involves the Department of Education and Cultural Services in the assessment procedure and the development of an employability plan for WIN registrants. In addition, it states that the employability plan must be designed to lead to employment and ultimately to self-support and the supportive and that the manpower services which are necessary to participate successfully in any education, training and employment program, in accordance with the participants' employability plan, must be provided. Finally, the legislation further specifies that all available education and training opportunities must be considered in the development of the employability plan and that waivers from federal time limitations on training must be requested when such a waiver is necessary to allow completion of education or training.

The Work Opportunities Committee fully supports this legislation and strongly recommends that it be used as the primary vehicle for overseeing the implementation of the recommendations of this report. Moreover, the Committee strongly feels that the AFDC Coordinating Committee and the Advisory Council to it, should play a leading role in policy development for work opportunities above and beyond these recommendations. (SEE RECOMMENDATIONS #24, #25 AND #26)

Local Coordination

More effective means of collaboration among service providers at the local level need to be found. One method might be to use a "case management" approach for structuring information sharing and joint problem solving among providers. If the needs of a small number of recipients can be identified on an case by case basis, then a more precise understanding of the barriers faced by recipients will emerge. Through the development of a plan of action for each case, a fuller utilization of all program resources can occur. (SEE RECOMMENDATIONS #27, #27a and #27b)

The AFDC eligibility worker is a consistent presence throughout the time a woman is in the welfare system. These workers are the first point of contact for someone going on AFDC and they subsequently redetermine eligibility each six months. Eligibility workers have long been a primary referral source for

AFDC recipients. This function has been supplemented and enlarged upon by the Information and Referral Units which are a part of each Human Services office. It is very likely that these units will be eliminated in the near future, as a result of funding reductions. This will place a greater referral burden on the eligibility worker. In addition, these workers will become responsibile for food stamp eligibility determination by next year.

If a member of the WIN staff, rather than the AFDC eligibility worker were responsible for explaining the WIN program the referral burden would be alleviated for eligibility workers. Consequently a more extensive referral could be made for social services. Second, a more thorough presentation of the WIN program at intake may encourage greater participation by voluntary WIN participants. Third, when the provision that WIN resources may be used for AFDC applicants goes into effect, increased utilization of the WIN program may result in fewer applicants becoming recipients. In Fiscal Year 1980, 162 AFDC applicants were diverted from welfare to employment through the WIN program. (SEE RECOMMENDATIONS #27a AND #28)

# PART SEVEN:

# JOB CREATION AND ECONOMIC DEVELOPMENT

RECOMMENDATIONS: JOB CREATION AND ECONOMIC DEVELOPMENT

#29 STATE ECONOMIC DEVELOPMENT EFFORTS SHOULD FOCUS ON THE CREATION OF MORE JOBS AND INCREASING OPPORTUNITIES FOR AFDC RECIPIENTS TO COMPETE FOR THESE JOBS. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE AFDC COORDINATING COMMITTEE AND THE STATE DEVELOPMENT OFFICE. (pages 78 through 80)

#30 BUSINESSES WHICH RECEIVE INVESTMENT TAX CREDITS FROM THE STATE SHOULD BE REQUIRED TO FILL NEW JOB OPENINGS THROUGH REFERRAL FROM PROGRAMS UNDER THE AUSPICES OF THE MAINE DEPARTMENT OF LABOR. THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE DEPARTMENT OF LABOR AND THE STATE DEVELOPMENT OFFICE. (pages 78 through 80)

#31 PROGRAMS WITHIN THE DEPARTMENT OF LABOR SHOULD REFER A SPECIFIED PERCENTAGE OF QUALIFIED AFDC RECIPIENTS TO THOSE BUSINESSES RECEIVING STATE INVESTMENT CREDITS AND OTHER SUBSIDIES. THE PERCENTAGE WILL BE DETERMINED ACCORDING TO THE PROPORTION OF AFDC RECIPIENTS WITHIN THE AREA OF BUSINESS LOCATION. WHERE TRAINING FOR JOBS CREATED BY AN INVESTMENT TAX CREDIT OR OTHER SUBSIDIES IS PROVIDED BY A PUBLIC TRAINING OR EDUCATION PROGRAM, A GIVEN PERCENTAGE OF THOSE TRAINING OR EDUCATION SLOTS SHOULD BE RESERVED FOR AFDC RECIPIENTS. (pages 78 through 80)

#32 IN ADDITION TO CONTINUING EFFORTS TO STIMULATE THE GROWTH OF BUSINESSES IN MAINE, ECONOMIC DEVELOPMENT SHOULD FOCUS ON PROVIDING NEW JOB OPPORTUNITIES IN AREAS WHERE THE STATE IS VULNERABLE TO INCREASED PRICES, SUCH AS FOR ENERGY AND FOOD COSTS. INVESTMENTS OF PUBLIC MONEY SHOULD BE TARGETED TO MARKETS WHICH WILL RESULT IN THE CREATION OF NEW AND PERMANENT JOBS WHICH CAN BE FILLED BY THE LONG-TERM UNEMPLOYED. THIS RECOMMENDATION SHOULD BE THE RESPONSIBILITY OF THE STATE DEVELOPMENT OFFICE. (pages 78 through 80)

#33 THE STATE SHOULD SUPPLEMENT ITS CURRENT INVESTMENT TAX CREDIT WITH A CREDIT TARGETED TO ASSISTANCE FOR DISTRESSED AREAS OF THE STATE. THE PROGRAM MIGHT BE BASED ON MISSOURI'S NEIGHBORHOOD ASSISTANCE PROGRAM, WHICH PROVIDES FOR TAX CREDITS TO COMPANIES WHICH INVEST, PROVIDE SERVICES, OR CONTRIBUTE TO APPROVED NEIGHBORHOOD ASSISTANCE PROJECTS (see Appendix C for a copy of the Missouri legislation). THIS RECOMMENDATION SHOULD BE CARRIED OUT BY THE STATE DEVELOPMENT OFFICE AND THE GOVERNOR'S OFFICE. (pages 78 through 80)

#34 THE STATE DEVELOPMENT OFFICE SHOULD CLOSELY MONITOR THE POSSIBLE PASSAGE OF FEDERAL ENTERPRISE ZONE LEGISLATION AND WORK TO ENSURE THAT THE NEEDS OF RURAL AREAS WILL BE EFFECTIVELY ADDRESSED BY SUCH LEGISLATION. MOST CURRENT PROPOSALS FOR THIS TYPE OF ECONOMIC DEVELOPMENT APPROACH HAVE A DISTINCT BIAS TOWARDS LARGE URBAN AREAS AND WOULD MAKE IT DIFFICULT FOR MAINE TO PARTICIPATE TO ANY EXTENT. IN ADDITION, THERE ARE NO PROVISIONS WHICH LINK THE JOBS SPECIFICALLY TO THE PEOPLE WHO ARE CURRENTLY EXCLUDED FROM THE JOB MARKET. (page 80)

#35 THE GOVERNOR'S OFFICE AND THE STATE DEVELOPMENT OFFICE SHOULD EXPLORE PUBLIC/PRIVATE FINANCING ARRANGEMENTS FOR COMMUNITY ECONOMIC DEVELOPMENT AND COMMUNITY-BASED ENTERPRISE VENTURE CAPITAL DEVELOPMENT. COMMUNITY DEVELOPMENT BLOCK GRANTS, THE MAINE GUARANTEE AUTHORITY, MAINE DEVELOPMENT FOUNDATION, THE MAINE CAPITAL CORPORATION, THE STATE DEVELOPMENT OFFICE, CETA TITLE VII AND THE COMMUNITY REINVESTMENT ACT SHOULD BE EXAMINED TO DETERMINE HOW THEIR RESOURCES CAN BE BROUGHT TO BEAR ON THE ISSUE OF TARGETED JOB CREATION. MODELS THAT HAVE BEEN DEVELOPED IN OTHER STATES SHOULD BE RESEARCHED FOR THEIR APPLICABILITY IN MAINE. (pages 80 and 81)

#36 THE AFDC COORDINATING COMMITTEE AND THE DEPARTMENT OF PERSONNEL SHOULD IDENTIFY ENTRY LEVEL POSITIONS WITHIN STATE SERVICE WHICH ARE APPROPRIATE FOR AFDC RECIPIENTS. TRAINING AND CAREER LADDERS FOR THESE POSITONS SHOULD BE DESIGNED ACCORDINGLY. (page 81)

#37 THE DEPARTMENT OF FINANCING AND ADMINISTRATION SHOULD DEVELOP A "PREFERENTIAL TREATMENT" PROGRAM OF CONTRACT BIDDING FOR PRIVATE BUSINESSES WHICH HAVE PERMANENT AND EFFECTIVE EMPLOYMENT, TRAINING, AND CAREER ADVANCEMENT PROGRAMS FOR QUALIFIED PERSONS RECEIVING PUBLIC ASSISTANCE. CETA AND OTHER TRAINING PROGRAMS CAN ASSIST EMPLOYERS TO IDENTIFY AND TRAIN RECIPIENTS FOR THE CONTRACTED SERVICE. (pages 81 and 82)

#38 THE DEPARTMENT OF HUMAN SERVICES SHOULD EMPLOY AFDC RECIPIENTS IN THE DELIVERY OF HOME-BASED CARE SERVICES. (page 81)

#39 REIMBURSEMENT RATE STRUCTURES FOR NURSES AIDE POSITIONS SHOULD BE ALTERED TO ALLOW WAGES FOR NURSES AIDES IN BOARDING AND NURSING HOMES TO BECOME EQUIVALENT WITH THOSE IN HOSPITALS AND STATE INSTITUTIONS. (page 81)

#40 THERE SHOULD BE MORE ORGANIZED EFFORTS BY BOTH EMPLOYEES AND EMPLOYERS TO IMPROVE WAGES, FRINGE BENEFITS AND WORKING CONDITIONS FOR NURSES AIDES AND OTHERS IN LOW WAGE INDUSTRIES. (page 81)

## INTRODUCTION

Inflation, increasing pressure on the real income of families, and the growing number of individuals entering the labor force have combined to create a growing demand for jobs in Maine. But job opportunities have not kept pace.

From 1960 to 1980, unemployment in Maine increased from 6.5 to 7.7 percent. For women, the increase was from 6.8 to 8.4 percent.[1)]

The projections used for CETA planning purposes estimate that unemployment for females between 16 and 19 years of age will be 27.8 percent in 1982, up from 11.3 percent in 1970. For females between 20 and 26 the rate is projected at 15 percent, up from 6.6 percent in 1970. The high unemployment rates for women are in part due to the tremendous increase in the labor force participation of women over the past 20 years.[2)] In 1960, 41.2 percent of all women were in the labor force, in 1982, 52.8 percent of all women are expected to be in the labor force. According to the 1980 census, 49 percent of the female labor force are the sole support of themselves or their families.

As has been noted previously, unemployment rates are likely to under-represent the true number of women, particularly AFDC women, who would like to work but have given up actively looking. These are the so-called "discouraged workers" who are not counted as being in the labor force.

Percentages only tell part of the story. In 1980, an average of 18,000 women and 21,000 men were unemployed. This job shortfall helps to explain the difficulty which AFDC recipients have had in finding satisfactory long-term employment.

Even in relatively prosperous states, it cannot be assumed that jobs, especially primary labor market jobs, will "trickle down" to AFDC recipients or other economically disadvantaged groups. The lack of relatively tight labor markets (unemployment under six percent) in 22 of Maine's 26 labor market areas means that jobs are not readily available in some sections of the state.

Massachusetts, a state with a falling unemployment rate, has a rising AFDC caseload. Massachusetts tried to reduce the caseload by focusing on fraud, error and changing eligibility based on living arrangements. The savings which resulted were less than half of what had been anticipated and several of the program changes proved to be illegal. The other explanation for an increasing caseload, that welfare recipients prefer to be poor, seems equally unlikely. The most likely conclusion is that

this group is excluded from full labor market participation by a combination of several factors: inadequate education, inadequate training, occupational segregation of women into low wage jobs and an insufficient number of primary labor force jobs.

## TYPES OF JOBS AND INCOME

Assuming that jobs are available, there is no guarantee that they will provide sufficient income to support the worker and his or her family. In Maine's manufacturing industries, the bulk of women are employed in traditionally low wage industries, such as textile mills, shoe factories and electronics assembly.

Nationwide, families which are headed by women live below the federal poverty level in 35 percent of all cases when children are present. 49 percent of all children who live in female-headed households live in poverty. And even for women living by themselves with no children, 26 percent live in poverty.[3] A full-time job at the minimum wage still is not sufficient to lift many of these families above the poverty level. Putting AFDC recipients into low wage jobs with no future for advancement and expecting them to sink or swim does not reflect the difficulties of raising a family or supporting a household in a era of high prices for basic necessities such as energy, food and housing.

## STATE DEVELOPMENT EFFORTS

Current state development efforts in Maine are principally aimed at attracting new industries from outside the State and assisting business within the State to become stable or to expand. These are strategies designed to encourage private investment which, in turn, creates jobs and expansion of the tax base. These new projects are expected in turn to provide increased chances for employment in related businesses. In 1980, new factories and expansions of existing companies created about 5,000 new manufacturing jobs in Maine.[4]

But that figure doesn't include job loss. From December 1979 to December 1980, manufacturing employment decreased a net of 1,300 jobs. An additional 5,200 people joined the ranks of the unemployed overall.[5]

An approach to state economic development which might help deal with the lack of job opportunities (and be part of a strategy to stabliize prices for some important goods such as energy and food) would focus on the need to target investment and job creation efforts to areas such as energy conservation and food marketing. An economic development strategy which focuses

on decreasing total energy use and increasing the percentage of food grown in the state will not only provide more jobs, but also will help to stabilize the prices of these important items. Structuring these jobs so that they are available to AFDC recipients helps to provide job opportunities in industries which are very important to Maine not only today but in the future as well.

The goal of creating job opportunities that will enhance Maine's overall economic health and stability must be balanced with the goal of creating jobs which will enable AFDC recipients to become independent of welfare. Some examples of the latter types of these jobs are included in Appendix A. These goals may at times be in conflict with each other. When this occurs, choices will have to be made beteen them and the benefits and costs of each weighed carefully. (SEE RECOMMENDATIONS #29, #30, #31, #32, #33 AND #34)

## TYPES OF ECONOMIC DEVELOPMENT

Professionals in the field of economic development make a distinction between "traditional" and "community" economic development.

Traditional economic development involves government creating an environment conducive to business investment through publicly guaranteed loans, "infrastructure preparation" (for example, adequate transportation to markets), investment tax incentives, accelerated depreciation and tax-free interest on bonds. The focus is on existing businesses and the assumption is that encouraging these businesses to locate in the State means more jobs for everyone. Targeting the business and jobs to certain communities and people is not a primary consideration.

Community economic development seeks to form new businesses or to keep small, financially precarious businesses from folding through efforts at the community level. There is an emphasis on businesses which are community-controlled, provide essential community services, or sustain and improve the community. Often vocational training is developed to prepare local workers to assume these new jobs in the ocmmunity.

In many areas of the country, public and private enterprises are bringing together underutilized resources and unemployed people to address unmet community needs, often through the vehicle of a community development corporation. Examples of enterprises undertaken through community develoment efforts are: housing construction, rehabilitation and assistance, preventive health screening, child care, transportation, energy conservation, waste recycling, solar energy production, and farming cooperatives. (SEE RECOMMENDATIONS #33, #34 and #35)

## THE STATE AS EMPLOYER

The State is the largest employer in Maine, and the State as a contractor of goods and services has potential influence on the hiring of many more. There are a number of possible roles the State can play in increasing job opportunites for AFDC recipients. (SEE RECOMMENDATIONS #35, #36, #37 and #38)

The 110th Legislature passed LD 1620 (PL 1981, Chapter 511) "An Act to Require the Department of Human Services to Provide Home-Based Care as an Alternative to Nursing Home Care." The Department should ensure that AFDC recipients are included among the providers of home-based care under this legislation.

State policy can have a great impact on wages in occupations where it is not a primary employer. This is especially true for the nurses aide profession, where state determined Medicaid reimbursement policies effectively limit these wages in nursing homes. This policy is particularly disadvantageous to AFDC recipients for several reasons. First, certified nurses aid training is frequently offered through CETA. It becomes, in practice, one of a relatively few options available to women in CETA due to the societal forces of occupational segregation and sexual discrimination. There is a very high demand for nurses aides, which justifies the need for these programs, but this high demand is in large part due to extremely high turnover rates in the profession, as high as 200 percent according to a Long Term Care Task Force report.[6] The turnover is due to a combination of difficult working conditions, low wages, no benefits, and poor advancement opportunities. AFDC women who choose this occupation may find themselves locked into the welfare system, not free from it. Where nurses aides are unionized (the state mental health institutes and Pineland), wages and working conditions are considerably better than in the unorganized sector. The wages in these institutions are $2.00 per hour more than the minimum wage reported by intermediate care facility employers. Higher wage rates for aides in nursing homes would positively affect the standard of living for AFDC recipients and the quality of care for nursing home residents. (SEE RECOMMENDATIONS #38, #39 and #40)

### A Potential Model: The Targeted Jobs Program - Portland

The City of Portland is participating in a two-year national demonstration program that is jointly funded by a number of federal departments (Transportation, Housing and Urban Development, Labor, Economic Development Administration, Community Services Administration, and Small Business Administration).

The program works with employers who receive federal, state or city economic development assistance to encourage them, through the contracting process, to hire low-income unemployed city residents. In all contracts which the city is party to, the stipulation is made that employers will interview the candidates from the program. There is also the potential for specifying that a given percentage of jobs in a project must be targeted for low income residents, but this option has not been exercised. As of May 1, 1981 (after 11 months of operation) the program had developed 256 commitments for jobs and 21 placemnts. Of the placements, four are CETA eligible women.

Because of the often considerable time lag between contract commitments and actual hiring, a program of this nature must be long-term to be successful. The City of Portland has endorsed the worthiness of the program, but no decisions have been made as to if and how the program will continue after federal funds expire in 1982.

This appears to be a model which could be adopted on a state-wide basis. However, it is important that provisions are made to include an additional emphasis on job preparation if the program is to be successful for AFDC recipients. (SEE RECOMMENDATION #37)

LD 1662: A Vehicle for Targeting Jobs

Some of the provisions of LD 1662 (PL 1981, Chapter 512) are aimed at linking the issue of AFDC employment with economic development efforts. This is done by requiring the Maine Guarantee Authority, the Maine Development Foundation and the State Development Office to work with the AFDC Coordinating Committee.

The Director of the State Development Office is required to work with the Coordinating Committee for the purpose of developing, promoting, and identifying employment opportunities for recipients. The manager of the Maine Guarantee Authority (MGA) is required to provide information to the Coordinating Committee and to assist the Committee in the referral and placement of recipients. In addition, all applicants for MGA funds will be required to identify the percentage of permanent jobs which will be targeted to recipients, as well as submitting an employment plan which describes the types of jobs, the skills required and the training necessary for placement. The Maine Development Foundation is also required to coordinate with the AFDC Coordinating Committee for the purpose of identifying and developing employment opportunities for AFDC recipients.

## COOPERATIVES

The formation of cooperatives, of and for AFDC recipients and other low income groups, has unrealized potential as both an income producing and income saving vehicle.

Cooperatives can provide a setting for friendship and support among members. The participatory nature of a cooperative can be instrumental in the development of a number of skills: managerial, organizational and political. Enterprise ownership and equity are also inherent within a cooperative organization. Membership in consumer cooperatives such as food or firewood co-ops can result in significant income savings.

There is a fairly extensive network of consumer co-ops in Maine, particularly food co-ops. The participation of AFDC recipients and other low income groups in consumer cooperatives may be somewhat limited due to lack of information on the availability of coops and by the "counter culture" image co-ops may have in the eyes of some.

There have been a number of producer cooperatives in Maine, both successes and failures. Producer cooperatives face the same barriers as any small business: capital formation, marketing expertise, and management skills, among others. However, they offer the advantage of allowing a greater number of low income people ownership and equity in an enterprise. There may also be more flexibility in labor costs if members are willing to accept low wages while the enterprise gets off the ground. (See Appendix D and SEE RECOMMENDATIONS #41, #42 and #43, TRANSFER PAYMENT REINVESTMENT)

## FOOTNOTES FOR PART SEVEN

1. These unemployment rates are not strictly comparable. The 1960 figure is taken from the 1960 census, whereas the 1980 figure is an annual average.

2. Department of Manpower Affairs, "Annual Planning Information, Statewide, Fiscal Year 1981".

3. Current Population Reports, Series P-60 NO 119, 1977 "Characteristics of the Population Below Poverty Level".

4. Governor's Report on the Maine Economy, State Planning Office, May 1981.

5. Manpower Research Division, 1980.

6. "Long-Term Care Dilemmas: Perceptions and Recommendations," Final Report of the Governor's Task Force on Long-Term Care for Adults, October 1980.

# PART EIGHT:

# TRANSFER PAYMENT REINVESTMENT

## RECOMMENDATIONS: TRANSFER PAYMENT REINVESTMENT

#41 THE AFDC COORDINATING COMMITTEE SHOULD DIRECT THE DEVELOPMENT OF TRANSFER PAYMENT REINVESTMENT PROJECTS ON AN EXPERIMENTAL BASIS. (pages 86 through 90)

#42 REINVESTMENT PROJECTS THAT HAVE BEEN DEVELOPED AND IMPLEMENTED IN OTHER STATES SHOULD BE RESEARCHED BY THE AFDC COORDINATING COMMITTEE FOR THEIR APPLICABILITY TO MAINE. THE RESEARCH SHOULD INCLUDE DEVELOPING A METHODOLOGY FOR ASSESSING THE COST-EFFECTIVENESS OF ALTERNATIVE REINVESTMENT STRUCTURES. (pages 86 through 90)

#43 TRANSFER PAYMENT REINVESTMENT PROGRAMS SHOULD BE DEVELOPED SUBJECT TO THE CAUTIONS OUTLINED ON PAGES 86 AND 87. PRESENT BENEFIT LEVELS AND SERVICES SHOULD NOT BE UNDERMINED, PROGRAMS SHOULD BE VOLUNTARY, AND TRANSFER PAYMENT REINVESTMENT SHOULD BE LINKED WTH OTHER FINANCIAL MECHANISMS FOR JOB CREATION. (pages 86 through 90)

## INTRODUCTION

There has been an emerging interest in using public assistance payments and other in-kind tranfer payments such as Medicaid and food stamps as a financial resource in job and enterprise creation. To quote from a paper on the subject:

"The central notion of transfer payment reinvestment (TPR) is that current unemployment-induced income maintenance and social service expenditures are underutilized and can be redeployed in such a way as to significantly enhance community economic development opportunities for those who want to work without lowering the benefit levels of those who are unable or unwilling to work.

"Essentially what we would endeavor to do is to allow those expenditures that presently serve only one purpose--to maintain the unemployed--to serve double duty at the option of the recipient: that is, to make those funds also available for investment in job creating new enterprises."

Among the reasons for allowing the development of reinvestment options are:

- "to help provide a realistic and desirable employment option for those now trapped in dependency, and to thereby stem the growth of the dependent population and associated costs. One of the great limits to past employment programs targeted to dependent populations is that the job opportunities have generally not been very desirable; they are low paying (CETA jobs are currently subject to a $7,200 average wage ceiling) and generally do not offer advancement possibilities, or capital ownership. Job creation through reinvestment and enterprise development offers to remove such limitations.

- to enable increased benefit levels for those people who cannot support themselves. Our capacity to take care of people who are unable to support themselves depends on our ability to employ those who can and want to work. In the long run, reducing the number of people who require income maintenance and social services, should free up resources to increase benefit levels for the truly dependent.

- to leverage a greater proportion of existing income maintenance and social service expenditures for the discretionary use of the intended beneficiaries.

- to provide badly needed capital to community enterprise development without requiring significant new

appropriations which are difficult to obtain. Since the annual flow of unemployment induced income maintenance and social service expenditures is in the magnitude of $50 billion, even if only a small percentage of current recipients chose a reinvestment option, the amount of additional investment in community enterprise development could be quite substantial.

- to provide an equity interest to unemployed people and poor communities which at once establishes a democratic ownership base and a bargaining chip that poor communities can use to attract other private and public financing. This equity interest offers to draw together other private and public organizations and replace the isolation of poor communities with new cooperative interaction.

- to target job creation and enterprise development to those people and areas most in need. Without requiring regulation or coercion, reinvestment provides an incentive to enterprise formation in depressed areas and the recruitment of the structurally enemployed.

- to stimulate and support local and individual initiative. By placing greater discretion and resources in the hands of unemployed and poor people, reinvestment encourages a whole new level of lcoal initiative.

- to reduce living costs. The current flows do not allow recipients to engage in activities to reduce living costs such as reducing energy bills through conservation or conversion to renewable resources. Reinvestment of fuel assistance payments in weatherization options is one example of this."

On the other hand, there are a number of potential dangers in transfer payment reinvestment. Among the problems cited in the same paper are that transfer payment reinvestment programs could:

- "undermine current benefit levels and circumscribe necessary services. There are likely to be time lags between the time of investment in an enterprise and employment in a job thereby created. Moreover, the need for some social services continues after employment begins and some services, such as child care, may increase. The more indirect the relationshsip between unemployment and the reinvestment expenditure, the greater the danger that reinvestment will reduce the funding for the remaining unemployed or the welfare of the newly employed.

- become workfare. If transfer payment reinvestment programs are mandatory, not voluntary, they are unlikely to succeed

in creating permanent unsubsidized jobs. It would be highly likely that such programs would in effect coerce recipients into taking undesirable, dead-end jobs, thereby further reducing already limited options, as well as undermining existing labor market standards by providing a low wage workforce.

- prove ineffective in job creation. Transfer payment reinvestment alone will not provide adequate capital for enterprise development. Other financial mechanisms, good markets, local capacity and a number of other factors are also needed. Enterprise development is a high risk undertaking and the risk should not be borne by those least able to afford it."[2]

In spite of these potential pitfalls, on balance it appears that the use of transfer payment reinvestment opportunities should be developed on an experimental basis in Maine. The certainty of substantial reductions in employment and training and economic development funds and the need to develop alternatives to mandatory workfare, point to transfer payment reinvestment as one of the few new alternatives available to meet these changing conditions.

Before outlining the steps needed to establish transfer payment reinvestment (TPR) projects in Maine, a distinction needs to be made among different uses of grant reinvestment.

## TPR: PSE TYPE

The more restrictive use of TPR would be to provide in effect a wage subsidy for a PSE-type position. For example, a Title XX day care center might hire an AFDC recipient as a child care worker. Her wage would be comprised of the amount of the AFDC check plus some amount from the day care center. Whether or not she would still receive an AFDC check and a pay check or a single pay check including both sums, would have to be decided.

The advantage to the employer in this example is a source of subsidized employees. A potential disadvantage might be that the employer may have to put additional resources into training. Another is that the employer may not be able to absorb the fully trained employee on an unsubsidized basis when the TPR period is over.

The advantages to the recipient are an earned income well above the maximum AFDC payment, and retention of medical benefits, plus on-the-job training. However, there are several potentially severe disadvantages. The opportunities for movement into unsubsidized employment are limited in many public service

employment jobs. This has been a source of frustration in the CETA PSE program to employers and employees alike. The financial incentive for employers may well be to hire untrained but subsidized employees, rather than trained but now more costly employees. The AFDC recipient who has reinvested her grant for training and earnings may at some point find herself at a competitive disadvantage with others reinvesting their grants in the same occupational areas.

Furthermore, if the recipient is eventually hired in an unsubsidized position, she will not necessarily be better off than she was while whe was "reinvesting" her grant. At this point the AFDC funding formula and the method of grant calculation become critical to the structuring of a TPR project. Under the present system a recipient who works full-time at minimum wage will still be eligible for some AFDC. Thus, if the child care worker in this example earned a minimum wage plus medical benefits while she was employed on a subsidized basis, she would be less well off than if she worked at a regular minimum wage job. If the Reagan changes are passed, however, a women with two children, working full-time at minimum wage would not be eligible for AFDC or Medicaid after four months, in any case. In this case the AFDC recipient in a TPR program would be receiving on-the-job training for a substantial period and have medical coverage during that time. But she loses the $30 and 1/3 disregard after four months, and this income disregard could not be applied for again for another 12 consecutive months. This means that if she should lose her job within a year after she became ineligible for the disregard, and she found another job at a lower wage, she would either not be eligible for AFDC or she would receive a smaller AFDC check than someone in identical family circumstances and in the identical job who had never participated in the transfer payment reinvestment.

Clearly, any TPR schemes which are used to substitute for PSE employment must be carefully thought out with respect to policy and labor market opportunities. Furthermore, it appears unlikely that this use of TPR will be any more effective as a long-term employment strategy than PSE has been.

## TPR: ENTERPRISE CREATION TYPE

The other type of use of TPR has been to help new businesses and enterprises to get off the ground. The grant money performs essentially the same function as in the previous example, that of a wage subsidy, but the emphasis is on eventually creating permanent, unsubsidized jobs within new or expanding businesses. Included within this application of TPR may be provisions for allowing employees to gain equity shares in the enterprise. Much of the same kind of analysis that needs to be done with a

PSE-type TPR application needs to be done with regard to enterprise creation. In general, it can be said that enterprise creation may present a higher risk, but offer potentially greater benefits to recipients. A summary of TPR enterprise projects that have been proposed or implemented is presented in Appendix D.

## Model for Implementation of Transfer Payment Reinvestment Projects

One method of initiating transfer payment reinvestment projects in Maine would be through the establishment of a proposal process for the evaluation and support of selected TPR projects. The AFDC Coordinating Committee may be an appropriate body for establishing project criteria, applying for the necessary federal waivers for grant diversion, and for obtaining committments from other relevant state and/or federal programs to facilitate the implementation of TPR projects. A few examples of project criteria that might be established are: that the project be labor intensive, that the good or service that is produced fulfill a low income need, that transferable skills be developed by participants and that the project demonstrate an ability to become self-sustaining in a given period of time. Theoretically a public, private non-profit or a profit making organization could apply to use diverted grant funds. The AFDC Coordinating Committee or some other oversight body, would be given the authority to decide which types of organizations qualify for diverted funds.

This approach to transfer payment reinvestment experimentation can accomplish several things. It can minimize the risks associated with grant diversion by carefully structuring project criteria and restricting the size and number of projects. It can encourage the participation of community based organizations, both public and private, in job creation for and by welfare recipients. Finally, it may be possible for the AFDC Coordinating Committee, or whatever body may be given oversight responsibility for transfer payment reinvestment projects, to seek and grant additioinal funds or in-kind services for selected TPR projects. (SEE RECOMMENDATIONS #41, #42 and #43)

## FOOTNOTES FOR PART EIGHT

1. Robert Friedman. "An Introduction to Transfer Payment Reinvestment." Corporation for Enterprise Development.

2. Ibid.

# APPENDICES

## APPENDIX A

### FACTORS TO CONSIDER IN CHOOSING OCCUPATIONS FOR TRAINING AFDC RECIPIENTS
(From "Factors to Consider in Choosing Occupations for Training AFDC Recipients" SETC, Will Richards 1981)

The factors examined in this report are seen as variables which should be considered when selecting occupations for the AFDC client pool.

EMPLOYMENT TREND FOR THE OCCUPATION. Only those occupations contained within Maine's primary industries were chosen for examination which have experienced, and continue to experience, demand at least equal to the mean of all employment in the State of Maine. In this regard the Occupational Employment Statistice Survey - Based Matrix Projections Program, 1976-1982 and OES Staffing Patterns for 1973 and 1979 were used. In many cases, chosen occupations consist of jobs which are found across industries, e.g. accountants. This helps to reduce the need for worker relocation.

GEOGRAPHIC DISPERSION OF OCCUPATION. Distribution of occupation by county was examined to select those occupations which are not concentrated in a few urban places. Related factors which may be examined include industry dispersion and size of firm dispersion. OES Staffing Patterns for 1973 and 1979 were examined utilizing county tabulations.

GEOGRAPHIC DISPERSION OF TRAINING SITES. Using the Maine Vocational Training File, occupations were considered if training sites are broadly distributed around the state. These include Vocational technical institutions (secondary and post secondary), CETA Prime Sponsors, colleges with two years or less certified programs, and other proprietary schools. By looking at the geographic dispersion of both jobs and training site, one intent is to achieve a match in space which could minimize the need for relocating for training. Another intent is to minimize the need for commuting as reflected by demands/costs for transportation.

WAGE REMUNERATION FOR JOB. In an initial sort, only those jobs were considered with an annual wage of $9,000 or more. A second sort used the wage parameters $6,000 through $7,499. The data set used for this search is the Career Information Delivery System.

FORMAL EDUCATION. Occupations chosen according to training time utilized two criteria for two job sorts. One set of jobs requires two years or less of formal training beyond high school, but before hiring. The other set of jobs requires a high school diploma. With both sorts only those jobs were considered which are thought of as being within the primary labor market, i.e., reasonable wage, good working condition type jobs. Additionally, jobs were chosen which were considered entry level occupations. Training time may also be viewed as a surrogate for costs with the possible exception of supportive services. The source of "training time by occupation" is the Career Information Delivery System (CIDS).

LIFE STYLE ASSOCIATED WITH OCCUPATION. Many occupations require frequent travel, overtime, irregular hours, communal living situations, and hazardous or adverse working conditions. These factors could be a problem for some AFDC clients.

LICENSING, CERTIFICATION, REGISTRATION REQUIREMENTS, UNION MEMBERSHIP. These could prove to be a barrier to employment for some either because of costs or increasingly restrictive standards. Union membership may be required for production jobs; unions will need to be dealt with as an agent or institution.

Other factors which may be considered in selecting occupations for training AFDC recipients but which have not been methodically used here (except in some instances, and intuitive sense) include the following.

ENROLLMENT RESTRICTIONS. An example of enrollment restrictions, (bottlenecks) is the limited amount of clinical space available in health institutions in which to train licensed practical nurses (See the forthcoming MRD Technical Services Monograph: The Health Services Industry in Androscoggin County).

APTITUDES AND PHYSICAL DEMANDS. Many of the better jobs generated -- particularly production jobs -- by this search are characterized by intermittent strenuous activity and certain types of dexterity: An increasing amount of evidence seems to indicate that physical demands are overemphasized. Dexterity (physical coordination) seems to be more important and it can be learned. A variety of occupations were captured to merge with a variety of client aptitudes and interests.

SUPPORT SERVICES. As the final, and probably most important factor, the level of support services available to AFDC clients appears to be critical. These services may include child care, transportation, (even supplying an automobile) health care, counseling, remedial education, etc. The essential point is the high participant cost which may be associated with these support services. Without a commitment to delivering a high level of support services, affecting a participant transfer from the secondary labor market (or worse) to the primary labor market may be impossible. This issue raises the basic policy decision of quantity versus quality. A possible ramification is a cutback in the number of participants enrolled in other programs.

To elaborate further, it may be necessary to continue to supply support services even when the former AFDC client is maintained as a full-time employee by a private establishment. This need is particularly pronounced as counseling for women in non-traditional occupations; some recent non-

traditional training programs for women have experienced high attrition rates because of a lack of counseling follow-up.

Occupations Chosen

After initial computer sorts, the 23 occupations listed in Table 6 appeared to meet the training and employment needs of AFDC recipients. However, once all data was gathered in one matrix, it became noticeable that all 23 occupations may not meet the program needs of a statewide AFDC training program. Given the limited geographic dispersion of training sites and job sites contained in Table 6, the number of occupations found on a statewide basis restricts the number of potential statewide training programs to possibly 11 or 12. Irregular life style may further limit this number of occupations to six or seven. Table 6 does not profess to constitute a complete listing of good jobs for which AFDC recipients may qualify. There are a few other possibilities not included here. They include: shipwright, shipfitter, business programmer, loom fixer, water treatment plant operator, and maintenance mechanic.

A few incontrovertible facts have surfaced in this short study. There are very few good jobs in Maine which are available that do not require some formal schooling beyond high school. The costs associated with possible completion of high school, formal schooling, and support services will require a substantial commitment by government. Given the relatively small number of good jobs reflected in Maine's industrial mix, there is a lot of competition for these jobs. Maine's good jobs are not even evenly distributed around the state; they are concentrated in the more urban counties, primarily along the I-95 corridor.

Table 6

POSSIBLE OCCUPATIONS FOR AFDC CLIENTS

| Occupation | Starting Wage $ | Formal Education, Years | Geographic Dispersion # Training Sites | # Job Sites | Life Style Regular | Irregular | Occupational Cluster | Employment Trend | Other Qualifications |
|---|---|---|---|---|---|---|---|---|---|
| Accountant | 12,000-13,499 | HS + 1-2 | 10 | 12 | X | | Business/ Office | Increasing to Increasing Rapidly | License, Certification or Registration Exam Required |
| Accounting Clerk | 6,000-7,499 | HS + 1-2 | 24 | 14 | X | | Business/ Office | Stable to Increasing Rapidly | None |
| Die Cutter | 6,000-7,499 | HS | 24 | 12 | X | | Manufacturing | Decreasing to Increasing Rapidly | Union Membership May be Required |
| Displayer, Merchandise | 9,000-10,499 | HS + 1-2 | 19 | 1 | X | | Marketing/ Distribution | No Clear Trend | None |
| Electronics Electrician | 10,500-11,999 | HS + 1-2 | 22 | 6 | X | | Manufacturing | Increasing to Increasing Rapidly | None |
| Machinist | 9,000-10,499 | HS + 1-2 | 24 | 15 | X | | Manufacturing | Stable to Increasing Rapidly | Union Membership May be Required |
| Mechanic, Automobile | 9,000-10,000 | HS + 1-2 | 24 | 16 | | X | Manufacturing/ Transportation | Stable to Increasing | Union Membership May be Required |
| Mechanic, Diesel | 7,500-8,999 | HS + 1-2 | 6 | 6 | | X | Manufacturing/ Transportation | Increasing | None |
| Medical Laboratory Assistant | 7,500-8,999 | HS + 1-2 | 2 | 11 | X Usually | | Health | Increasing to Increasing Rapidly | None |
| Medical Laboratory Technician | 7,500-8,999 | HS + 1-2 | 2 | 11 | X Usually | | Health | Increasing to Increasing Rapidly | None |

## POSSIBLE OCCUPATIONS FOR AFDC CLIENTS

| Occupation | Starting Wage $ | Formal Education, Years | Geographic Dispersion # Training Sites | # Job Sites | Life Style Regular | Irregular | Occupational Cluster | Employment Trend | Other Qualifications |
|---|---|---|---|---|---|---|---|---|---|
| Medical Record Technician | 6,000-7,499 | HS + 2 | 2 | 7 | X | | Health | Very Mixed | License, Certification or Registration. Exam Required |
| Motor Repairer, Electric | 6,000-7,499 | HS + 1-2 | 17 | 2 | X | | Manufacturing | No Trend to Increasing | None |
| Nurse, Licensed Practical | 7,500-8,999 | HS + 1-2 | 7 | 16 | | X | Health | Increasing to Increasing Rapidly | License, Certification or Registration. Exam Required |
| Offset Press Operator I | 6,000-7,499 | HS + 1-2 | 9 | 7 | X Usually | | Manufacturing | Increasing Rapidly | Union Membership May be Required |
| Paralegal Assistant | 6,000-7,499 | HS + 1-2 | 4 | 5 | | X | Business, Office, Public Services | No Clear Trend | None |
| Real Estate Appraiser | 7,500-8,999 | HS + 2 | 1 | 2 | X Usually | | Business, Office | No Clear Trend | None |
| Repairer, Television and Radio | 7,500-8,999 | HS + 1-2 | 1 | 4 | | X | Manufacturing | No Clear Trend to Increasing | None |
| Sales Agent, Insurance | 10,500-11,999 | HS + 2 | 1 | 10 | | X | Business, Office | Stable to Increasing | None |
| Sheet Metal Worker | 6,000-7,499 | HS | 8 | 11 | | X | Construction | Decreasing to Increasing Rapidly | Union Membership May be Required |
| Surgical Technician | 6,000-7,499 | HS + 1-2 | 1 | 7 | | X | Health | Stable to Increasing | License, Certification or Registration. Exam Required |

## POSSIBLE OCCUPATIONS FOR AFDC CLIENTS

| Occupation | Starting Wage $ | Formal Education, Years | Geographic Dispersion # Training Sites | Geographic Dispersion # Job Sites | Life Style Regular | Life Style Irregular | Occupational Cluster | Employment Trend | Other Qualifications |
|---|---|---|---|---|---|---|---|---|---|
| Teller | 6,000-7,499 | HS + 1-2 | 1 | 16 | X | | Business, Office, Public Services | Increasing to Increasing Rapidly | None |
| Tool and Die Maker | 12,000-13,499 | HS + 1-2 | 24 | 6 | X | | Manufacturing | No Clear Trend to Increasing | Union Membership May be Required |
| Welder, Combination | 10,500-11,999 | HS + 1-2 | 17 | 10 | | X | Manufacturing | Increasing | Union Membership May be Required |

Footnotes:

1. HS = high school plus number of years of formal schooling required before hiring
2. Geographic dispersion is measured as:
   a. Number of training sites is number of institutions offering related training
   b. Number of job sites is number of counties in which at least 10 employees are found in that occupation
3. An irregular life style may require much travel, weekend and night work, hazardous or adverse working conditions

## Conclusion

Most good jobs located in Maine's growth industries require formal education beyond high school and/or entail and irregular life style; these good jobs are located in industries which are not evenly distributed throughout the state. Increased levels of financial commitment per participant, careful planning, and program follow-up are necessary to affect a transfer to AFDC recipients from poor jobs to good jobs and thus permanently remove this client group from a dependency role.

## APPENDIX B

## EMPLOYMENT AND ECONOMIC ISSUES OF LOW INCOME WOMEN: REPORT OF A PROJECT

(From Department of Labor Women's Bureau)

### LOW-INCOME WOMEN AND THEIR VIEWS

One of the primary objectives of the Employment and Economic Issues of Low-Income Women project was to reach low-income women and find out how they think government programs can assist them in their efforts to become self-sufficient. The target group--low-income persons who are women--predetermined to some extent a negative view of how those programs are currently serving the public.

In selecting the project sites, the Women's Bureau tried to choose locations which would result in an overview of the widely varied cross-section of women who live in poverty. Thus, consultations in Johnson City, Tennessee; Batavia, Ohio; and Pueblo, Colorado, reflected the difficulties encountered in rural mountain areas. Montgomery, Alabama, and Opelousas, Louisiana, focused attention on the rural deep South, while the Fresno and Yakima consultations drew recommendations from heavily agricultural areas. Newark, New Jersey, Las Vegas, Nevada, and Houston, Texas, highlighted problems of urban poor women. The special problems of Appalachian women were identified at the Johnson City and Batavia consultations. Some of the particular problems of Spanish-speaking women emerged at the meetings in Newark, Houston, Pueblo, Fresno, and Yakima. American Indian women were represented at the meetings in Yakima and Pueblo, and Asian Americans in Yakima, while black women were well represented at all of the regional consultations.

More than 1,000 women participated in the project. Some were welfare recipients or were employed in low paying jobs, while others were married to husbands with low incomes. All had low-incomes, usually below the poverty level. Although most of the women who participated were between 18 and 40 years old, there were a sizeable number of older women who contributed to the overall picture of women in poverty, and focused attention on the special difficulties encountered with age discrimination.

The actual employment and economic issues identified had no geographical boundries. Women in every part of the country are apparently concerned about the same needs and problems. The basic issues related to employment, welfare, and discrimination affect women in Providence as they do in Montgomery, Las Vegas, and Yakima. In each satellite meeting the women were encouraged to speak out openly about their

problems, and about programs, and how they felt they were working, or not working, and what they thought was needed. The following sections are the low-income women project participants' own assessment of their needs and problems.

Information

The need that emerged as a priority issue at almost every meeting was lack of information. Women all over the country felt they needed more information about jobs, training, counseling services, health and social services, welfare, child care, housing, legal rights, and even about each other and their common problems. At most consultations the women recommended action to establish community-based women's resource centers for information and referral which could advise women about the availability of services and programs in the community. In several areas, a task force or committee was formed to work on establishing local networks or resource referral systems or centers. It was also suggested that counseling on proper attire for interviews and working, assertiveness training, and interviewing and resume writing skills be provided to women job seekers, and that classes on budgeting be made available to low-income women.

Employment

Employment related issues were also of primary concern at all consultation and satellite meetings. Discussions centered on CETA and WIN programs, training, experience, discrimination, and child care. CETA and WIN programs drew a great deal of criticism from women in all parts of the country. They said that CETA and WIN training programs are not serving them well, and are not doing a good job in helping people become self-supporting and self-reliant. They also felt that WIN staff are not sensitive to their needs and the difficulties with which low-income women must cope.

Among the most frequently voiced complaints were those related to training. The women felt that training is often inadequate, too short to allow enrollees to learn good skills, and unrelated to the job market. A number of women said they had been through several training programs, all for jobs which turned out to be short term, or were not available in their communities. Another complaint was that women are directed, and sometimes even forced, into training for low paying, dead end jobs in traditional women's occupations in clerical and service fields. Some women said they wanted access to nontraditional skilled jobs that would not only pay better wages, but would offer some opportunity for advancement. The women also thought training programs should be followed by placement. They said there

was little if any follow-through on referrals to employers, which would be helpful. Another source of concern was the fact that many employers require experience, and do not count training as experience. It was felt that training programs should include actual work experience that could be used for references and would count as experience on the job. The women also said that frequently training was not training for a skilled job, but an opportunity for an employer to get someone to do menial work for a low wage.

There were also complaints about the "revolving door" aspect of CETA public service jobs. As one woman put it, "Why should any non-profit organization pick up a former CETA worker, when all they have to do is wait a week and get a new one?" The women also objected to the fact that most Federal training programs are directed to heads of households, and that current definitions make that person a man if there is one around, thus reducing the possibilities for training and employment for many women who need jobs but are not "heads of households."

Child care was another high priority employment-related issue. Many women felt that lack of adequate child care facilities was a major barrier to getting a job. They said they needed child care services that were near their homes or easily accessible and affordable. In addition, the women said child care had to be available on a 7-day, 24-hour basis to accommodate women who must work overtime, at night, on weekends, or on swing shifts. A number of women said they could not take jobs that are available to them because they do not have a reliable place to leave their children while they work. They recommended that Federal funds be allocated for free child care centers including after school and infant care, and that subsidies be granted to women who work for low wages and cannot afford to pay much for child care.

Discrimination

In most regions women also felt that discrimination based on sex, race, and age affected their employment opportunities. In some cases they said that equal pay laws were subverted by giving the same jobs different names and paying women less than men were paid for the same work. Black and Hispanic women felt they were discriminated against because of their race and language. Women everywhere felt they were discriminated against because they were women, particularly in terms of limited or no access to nontraditional jobs and training. Some said they were not hired for nontraditional jobs for which they had already been trained. Age discrimination was also a cause for concern among women who were 40 years of age and older.

Women at most consultations recommended that antidiscrimination laws be enforced more strictly, and that enforcement agencies be given more staff for this purpose. Many also thought it would be helpful if they had more information about their rights, and about how to proceed in filing a complaint.

Welfare

The third major area of discussion was the welfare system. The greatest complaint was that welfare office staff were insensitive and sometimes even hostile to welfare recipients. The women thought that welfare workers tried to "punish" welfare dependents to make them "pay" for their dependency by degrading them or controlling them. They recommended that welfare agencies give in-service training to staff to prevent the humiliating practices to which women are subjected in their contacts with service agencies.

Many women said that welfare benefits were inadequate to meet their needs. They also felt that benefits should be uniform, and that a national welfare system should be implemented. They thought that welfare social workers should inform women about all their rights and options under the system in their State or city. For example, in some cases a woman can receive public assistance while she is going to college or receiving specialized skill training that will lead to a good job, but most women do not know that this option exists or how to take advantage of it. In addition, welfare recipients often are eligible for increases in assistance benefits or their food stamp allotments, but are not informed about the changes. These problems are, of course, compounded when the women cannot speak English well and there is no bilingual staff at the welfare agency.

Women who participated in the consultations also felt that some transition assistance should be provided to ease the move from welfare to self-supporting employment. Medicaid, child care, and other benefits are withdrawn as soon as a woman gets a job, and most jobs available to low-income women do not pay well enough to cover the costs of medical insurance or child care. Women also wanted welfare laws changed to encourage fathers to stay in the home to help keep families together.

Transportation

In almost every area transportation was considered a problem, and in rural areas it was a major issue. Lack of transportation not only seriously affects women's options

in terms of employment, it also makes it difficult to participate in education and training programs and to take advantage of health and social services and other resources that might be available in the community. Women recommended that transportation be provided by State and local governments for rural areas, particularly to job and training sites.

Language

Spanish-speaking women felt that their inability to speak English well was a serious barrier to employment and to obtaining information about available services. They felt that English should not be required by employers for jobs in which it was not necessary, and that information and materials printed by public agencies should be available in languages other than English according to the needs of the community. They also felt that bilingual personnel should be available in public agencies to assist women with language barriers. They recommended expanded English-as-a-second-language programs, and bilingual training programs and child care facilities.

Health

Some of the women who participated in the project felt that lack of adequate health care facilities was a cause of health problems, and subsequently affected their ability to take jobs.

Many thought that a substitute for Medicaid, perhaps a national health insurance plan, should be established so women would not lose health benefits by taking a job with minimum pay.

Housing

In several consultations women raised the issue of public housing. They felt that more low-income housing should be developed, and priority should be given to female heads of households with children, and to persons who need it most.

APPENDIX C

# THE NEIGHBORHOOD ASSISTANCE ACT

A Tool for Public-Private Partnerships
in Community Development

## Missouri Division of Community and Economic Development
## Missouri Department of Consumer Affairs, Regulation and Licensing

The Neighborhood Assistance Act provides an innovative community alternative at a time when disturbing economic choices face public officials in state, local and federal government. Recent budget cuts in Missouri are examples of decisions which are forced to a great extent by general economic conditions. These decisions face neighborhoods and communities with the problem of dealing with the reality of less public support for the financing of essential community services, crime prevention and educational programs, and the implementation of neighborhood development projects needed to improve their housing and economic conditions.

Tax credits have been long used to stimulate certain types of investment by the private sector to improve the economy. The Neighborhood Assistance Act provides a tax incentive for business investment, including targeted philanthropy, in improving the quality of life in Missouri's communities.

The program provides an opportunity to involve the private sector in the direction of public resources and in the financing of critical community services and economic development through community development efforts.

Projects which qualify investors for the tax credits must be approved by the Division of Community Development. Which projects are eligible is determined by the priorities for approval and disapproval established in the Neighborhood Assistance Act and the Regulations. These priorities include:

A. Projects which substantially contribute to self-help efforts by residents of the neighborhood to be served in addressing locally defined objectives;

B. Projects resulting in the provision of essential services to low and moderate income persons which would not otherwise be provided in the affected neighborhood and for which there are no other resources available; or

C. Projects tangibly contributing to the development of lasting cooperation and partnership effort of neighborhood organizations and businesses.

Criteria used to evaluate proposals include the extent to which residents of the neighborhood or community are involved in the planning and implementation of the project and the area in which the project is carried out. All proposals must be endorsed by the local agency of government responsible for neighborhood or community development planning. These provisions for the involvement of the private sector, local government and residents have proven effective in assuring the success of the projects.

## Community Services, Crime Prevention and Education

Community services, crime prevention and educational programs are eligible for the Neighborhood Assistance Program. Most often, business investment in these activities takes the form of charitable giving.

The definitions of these three program areas provide a very wide range of options for private sector responses to local problems. They also provide the mechanism by which the local share can be provided for virtually every grant-in-aid program requiring a match. The definition of which organizations are eligible to receive qualifying donations makes many, if not most existing providers of these services eligible. The state tax credits earned through these contributions can be used together with other benefits such as income deductions.

Provision of community services through contracts with the State Department of Human Services with Title XX federal funds provides an example of how NAP can be used as leverage. This program works through a match of one local (private or public) dollar to three federal dollars. These local funds are often provided through local government appropriations and are donated to the state. The state also appropriates funds as match. These funds are then matched with the federal dollars and the Department of Social Services contracts with local non-profit agencies and units of government to provide services. Ten percent is held by the state for administrative costs. The state also provides a number of these services directly. Donations which are used to match funds to contract with eligible organizations can qualify for tax credits.

The amount of the contribution which is used by a public agency or unit of government for administrative costs is not eligible for the tax credit. Since the Department of Social Services uses 10% of the total amount generated by the match for administrative costs when they contract for a service, only 90% of the contribution will qualify for the tax credit.

If the local government contributed 10% or more of the total match, the full tax credit could be provided to the business firm. This type of "local public/ private" matching program could lessen the burden on local revenues while maintaining or expanding services available in the neighborhood

## Job Training

Business support of Job Training programs eligible for tax credits can take the form of contributions in support of programs carried out by eligible non-profit organizations or through their own efforts to meet special problems. This support can be used in conjunction with other public programs such as CETA including Title VII and the targeted job tax credit.

## Neighborhood Assistance (Physical Improvement)

The program category of Neighborhood Assistance provides perhaps, the broadest range of alternatives. Tax credits can be earned for private sector investment in approved projects aimed at the physical improvement of neighborhoods and communities. These programs are essential in addressing the underlying problems facing most communities.

Private sector investment can take the form of contributions to the support planning and development costs and participating of their financing. Financial institutions and insurance companies are prohibited from earning tax credits for investments which are part of their normal course of business. The Community Reinvestment Act gives federal regulatory agencies authority to rule on whether certain investments by financial institutions can be classified as community development activities.

Qualifying investments affect different types of businesses in differing ways. The state tax credits can be used in conjunction with other incentives including grants, income deductions for charitable contributions, other tax credits, loans, purchase of tax exempt financing instruments and accelerated depreciation.

## Housing

Public agencies have developed a variety of supports and incentives to encourage the construction and rehabilitation of housing to meet a variety of special needs (elderly, low and moderate income, handicapped, historic preservation).

When housing development projects result from, and are carried out in coordination with, a plan of action which was developed with the involvement of residents of the neighborhood, they can be approved in the Neighborhood Assistance program. The involvement of the community and the development of the plan is an eligible project.

Utilization of the tax credits for private investment can be demonstrated through the syndication of limited partnerships to finance the development of housing units in the implementation of a plan to improve the neighborhood. The development can be carried out by an eligible non-profit organization as the general partner, a private developer, or both as co-general partners.

Tax credits can be earned through contributions to support the development and administrative costs and investments by both the general and the limited partners. Part of this investment might take the form of a donation of part of the limited partnership to the non-profit. If the tax benefits can be assigned to the contributor by the non-profit, additional incentive could be provided to reduce the amount of direct public subsidy needed.

The equity generated through the partnership could be used in combination with long term financing obtained through the sale of financing instruments such as bonds Purchase of these instruments would also earn tax credits for eligible business firms.

## Economic Development

When economic development projects result from, and are carried out in coordination with a plan of action which was developed through the involvement of residents of the neighborhood, they can be approved in the Neighborhood Assistance program. The involvement of the community and development of the plan is an eligible project.

Business firms can earn tax credits for supporting the planning and development of commercial revitalization efforts. Credits can be earned by business men for their non-debt investment in facade renovation, building rehabilitation and other fixed assets in order to meet the standards set forth in the plan for the total project.

Industrial development activities which are undertaken as part of a community development project are also eligible when they are undertaken in conjunction with neighborhood organizations. Such projects as employment and training programs for neighborhood residents, housing development projects, or participation in other related activities.

Tax credits which are earned through investments in approved economic development projects can be used together with other public support and incentives such as income deductions for charitable contributions, grants and guarantees (HUD-UDAG, SBA, EDA, etc.), other state and federal tax credits, loans, and the exemption of income from taxes from the purchase of certain financing instruments.

## Special Program Priorities

The Neighborhood Assistance Act authorizes the Division of Community Development to approve tax credits equal to up to 50% of an eligible investment. When qualifying investments are made in projects meeting the requirements of Special Priorities designated by the Governor, these credits can equal up to 70% of their investment.

Community Services or Neighborhood Assistance projects carried out by resident based non-profit organizations in the economically distressed neighborhoods of the state's urban areas are eligible under this program.

Neighborhood Assistance Program
Post Office Box 118
Jefferson City, Missouri 65102
314/751-4849

## APPENDIX D

### HISTORY OF TRANSFER PAYMENT REINVESTMENT
(From "An Introduction to Transfer Payment Reinvestment," Corporation for Enterprise Development, 1980)

Since the beginning of income maintenance programs, many recipients have worked, and even started their own businesses while receiving benefits. In some cases the law has allowed this ideosyncratic reinvestment. For example, under the AFDC program, it is possible to work up to 100 hours a month, to retain $30 plus 1/3 of income received above the welfare grant, and to deduct business expenses, without affecting the grant level. Operation Life Community Development Corporation (see description below) contemplates using these provisions to allow the development of "public assistance subsidized ventures." Should the Administration's welfare reform-jobs proposals be passed, this sort of reinvestment becomes more difficult for those not expected to work, and somewhat easier for those expected to work.

There is also a technically illegal version of this individualized reinvestment--the case where, for example, an AFDC recipient lives off the grant while starting a business or working more than 100 hours a month and earning in excess of that reported. Legal or illegal, our best estimates are that 16-20% of AFDC recipients work. While some may regard this use--particularly its illegal variants as immoral, it can also be seen as an entrepreneurial use of the system to achieve self-sufficiency. As such it may well be superior to the present system, both for recipients and those who pay the bills of continued dependency.

Over the years a number of programs have been developed to move welfare recipients to employment, and this has often involved some diversion of payments, explicit or implicit. These schemes all should be distinguished from the reinvestment proposals contemplated at the Workshop.

Workfare: Workfare programs, like New York City's Work Relief Experience Program and the California Work Experience programs require welfare recipients to work off their grants. There are three crucial differences between workfare and the transfer payment reinvestment schemes discussed at the Workshop.

1. the underlying theory of workfare is that welfare recipients are insufficiently motivated to seek work without coercion;

2. coercion in the form of a work requirement is an essential part of the scheme, reduces recipient's options, and has been used to drive recipients off welfare roles;

3. the jobs provided are generally low-or no-wage jobs with few, if any, chances of advancement or permanence, and no equity is developed.

Evaluations of workfare programs have indicated that the cost of providing and administering a mandatory work program exceeds the value of the work accomplished. Moreover, the cost of other public programs--for example, insurance and public safety--increase.

Supported work: In 1972, the VERA Institute of Justice founded the Wildcat Services Corporation which utilized diversion of disability and general assistance payments to help finance training and transitional employment programs for former addicts and ex-convicts in New York City. The Manpower Demonstration Research Corporation (MDRC) has attempted to replicate that model, with ex-addicts, ex-offenders, troubled youth and long term AFDC recipients with varying degrees of success in thirteen sites across the country. Under the diversion scheme implemented, welfare grants for participants were given directly to the supported work corporation which, in turn, paid the participants'/employees'wages. Participation in supported work programs is voluntary. Unlike the reinvestment schemes under consideration at the Workshop, supported work is not intended as a job creation or enterprise development program, focuses on the hardest to employ, and emphasizes education counseling and training.

Public Service Employment: Since the Emergency Employment Act of 1971, public employment programs, particularly the Administration's welfare reform jobs package, have been premised on an implicit reinvestment scheme: that is, the costs of public service employment are considered to be "offset" by the related income maintenance funds which accrue to the general treasury. No direct per capita reinvestment occurs, but the general treasury recoups the savings produced by the public service employment. Also in contrast to reinvestment proposals, the welfare reform jobs program creates temporary, transitional jobs slots and operates under the CETA average wage ceiling of $7,200.

Over the last few years several proposals and projects have emerged which would utilize reinvestment in enterprise development/job creation. Among them are:

Public Assistance Subsidized Ventures

Operation Life CDC in conjunction with the National Economic Development Law Center has developed a reinvestment approach called "Public Assistance Subsidized Ventures." As Peg Stone from the Economic Development Law Center explains, they ask that "people in public assistance contribute their labor to a new business. The participants never stop getting their welfare checks; the checks continue to come directly to them. But, in return for their labor, they receive an equity share in the business plus a wage as earnings from the business increase." The initial equity for machines, rent, inventory, etc., must come from a CDC or other source. The participants remain on welfare until the business is able to pay for their salaries. The program is voluntary, depends on worker ownership ("as the only way to get commitment from the workers and to justify the low initial wages") and does not jeopardize the workers' welfare status. Moreover, it can be easily administered without changing national policy or obtaining waivers. Operation Life is presently planning public assistance subsidized ventures in garment manufacturing, printing and catering. 5/

Public Assistance Subsidized Transition

The Ecomomic Development and Law Center and California Rural Legal Assistance are also renewing their efforts to win passage of the "Public Assistance Subsidized Transition" Assembly Bill. This bill authorizes waivers to the California Welfare and Institution Code enabling the state

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5/ Stone, Peg, "Public Assistance Subsidized Ventures," (Transcript, Rensselaerville, N.Y., September, 1979)

to set up four demonstration ventures--two in rural areas and two in urban areas--which allow recipients to use their public assistance payments to start their own businesses. The projects should demonstrate that recipients can become self-supporting if they are allowed to invest their time and money in new and expanding enterprises.

Operation Easy-Ride

The Vera Institute of Justice has developed the Easy-Ride Program to test the feasibility and cost-effectiveness of using ex-offenders and ex-addicts to provide transportation services for the elderly and handicapped. By obtaining waivers, they have been able to receive reimbursement from Medicare and Medicaid for providing health-related trips to Medicare and Medicaid beneficiaries. The transportation service has been operating for almost two years now, and has successfully employed several ex-offenders and ex-addicts.

The Massachusetts Job Creation Program:

In 1975-77, the Massachusetts Job Creation Program (MJCP) was developed under the direction of the Governor's Task Force with the Technical Development Corporation providing staff work. The proposed program contemplated the use of AFDC benefits, and when and if appropriate legislative changes were made, unemployment insurance benefits, as a part of the financial package to enable enterprise development. In addition to these diverted transfer payments, MJCP contemplated a package of foundation and agency funding.

In the case of AFDC payments, MJCP hoped to obtain waivers to § 1115 of the Social Security Act to enable the diversion of transfer payments; with UI benefits, they planned to seek new legislation. The overall project was to be managed by a non-profit, publicly controlled, state corporation responsible for administration of the waiver and subsequent diversion; enterprise planning and technical assistance; coordination of project funds; and, most importantly, establishment of contracts with, and monitoring the performance of the employing corporations.

MJCP proposed to invest, wherever possible, in existing profit and non-profit business which would create new jobs if aided by the state. MJCP would also fund new corporations to develop unexploited markets. Their initial investigations revealed that industries providing home health care services, housing services for the elderly and disabled, and lead paint removal services were most promising.

As the concept matured, Governor Dukakis insisted on the inclusion of a work requirement which alienated a large part of the programs liberal constituency. The U.S. Department of Labor subsequently denied waivers of the public service, income retention and project duration portions of CETA requested, and the program never materalized. However, the 1978 CETA reauthorized has expanded the definition of public service, lengthened the project period and specifically authorized income retention, thereby removing these barriers. 6/

Alternatives to Welfare Proposal (New York)

In 1975, the West Side Community Alliance, a non-profit community service agency in the Mid West Side of New York City, proposed legislation to allow the diversion of welfare funds to support local training and employment projects. Specifically, their bill sought to amend the labor and social service laws so that the Department of Social Services and the Department of Labor could direct transfer payments and other funds to non-profit community-based corporations. The Alliance then proposed a demonstration project which would use these funds to train and employ welfare recipients on a voluntary basis. The recipients would receive paychecks for their participation in the program instead of transfer payments. While the bill received initial support in the New York Assembly, the Senate did not endorse it and the program has never been implemented. 7/

Community-Based Welfare System Proposal

A proposal for a "Community-Based Welfare System" which received Congressional attention in 1974, provides an example of a TPR scheme which could be implemented on a small experimental scale. The proposal calls for the development of Community Improvement Corporations (CIC) which would contract with the local welfare office for the management of five caseloads (approximately 375 family units). CIC would be charged with developing community jobs and providing all social and support services for program participants. It would be reimbursed by the welfare department with a sum equal to the total assistance and administrative costs of the contracted caseloads. Participation in the CIC would be voluntary and former welfare recipients would receive wages for their services. 8/

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6/ Technical Development Corporation, "Massachusetts Job Creation Program: An Interim Report," Boston, MA., June, 1977.

7/ "Alternatives to Welfare," West Side Community Alliance, Inc., New York, N.Y., 1975.

8/ McClaughry, John, "The Community-Based Welfare System," Senate Congressional Record, May, 1973.)

Employment Targeted Venture Capital

Perhaps the most sweeping proposal for reinvestment in enterprise development/job creation is that for national legislation to create Employment Targeted Venture Capital. Such legislation would authorize reinvestment of all unemployment-induced income maintenance and social service expenditures on a per capita basis. Under the scheme, the Federal Government would be authorized to invest in a non-displacing enterprise which employed an eligible unemployed person, a lump sum equivalent to what it would otherwise have spent over a period of two or three years to maintain that person. The amount of funds so diverted would be subtracted from the appropriate budget categories in the following fiscal year. State and local governments would be enabled to legislate analogous diversions.

To be eligible for receipt of ETVC, a new or expanding enterprise must demonstrate: (a) minimal viability by completing an adequate financial package by leveraging ETVC for additional financing, public and/or private; (b) that it would not displace existing economic activity. Thus, it must provide local goods or services in a depressed, underserved area; or provide goods and services which require combining public and private resources, and which some public agency has determined are inadequate supply. Congress might designate certain goods and services as such, for example, solar energy, waste recycling, housing rehabilitation, and child care. Any existing business or union which believes it has suffered from displacement could sue for relief.

Administration of the ETVC would be charged to a United States Enterprise Development Corporation governed by a Board of Directors representative of business, labor, government and community groups. The Board shall set policy for non-displacement where Congress has left discretion. 9/

Unemployment Insurance Reinvestment Proposals

The Vera Institute of Justice has investigated using Unemployment Insurance (UI) benefits to create jobs and leverage money for laid-off municipal employees. They have developed two model programs: a crime prevention program to employ laid-off city policemen in Manhatten's garmet district, and an arson prevention program to employ laid-off municipal workers in the Bronx. Neither of these programs have been implemented because "planning could not be completed and financing packages assembled before the expiration of the

9/ Heebner, Kim, "Employment Targeted Venture Capital," (Corporation for Enterprise Development, Washington, D. C., 1978.)

potential UI benefits." They conclude that this illustrates the need for advance planning before lay-offs occur so that maximum use can be made of UI benefits.

Vera's analysis of the statutes and regulations covering UI benefits in New York and six other states indicates that certain UI recipients could continue to receive their benefits as well as supplements while participating in job creation programs. They write that New York, Michigan and Illinois are particularly good sites for experimentation under the "training waiver" section of the law. "Another approach supplementing UI benefits with earnings rather than with training allowances is possible in Michigan, which allows a recipient to earn up to 50% of his benefits." They state further that because "statutes and regulations vary from state to state, planners must examine relevant UI laws and regulations to determine which recipients would be eligible, what types of programs approved and how much supplementation allowed."10/

Another approach to utilizing unemployment compensation benefits to increase employment opportunities was developed by John Eldred in conjunction with his work with the Jamestown Labor-Management Committee. Eldred analyzed the ever increasing public costs--in terms of transfer payments and the resulting growth in public bureaucracy--that occurs when the private sector lays off employees. Eldred advocates the development of a reserve unemployment roll "which would be activated by a 'circuit breaker' mechanism based on a personnel staffing formula (employees per sales volume) and a voucher system which would compensate employers for retaining individuals." The concept behind these proposals is to change public policy so that it rewards rather than penalizes employers for retaining employees during financially difficult times.11/



10/ Vera Institute of Justice, "A Study of the Use of Unemployment Insurance Benefits to Create Jobs for Laid-Off Municipal Workers, New York, N. Y., February, 1977).

11/ Eldred, John, "Reforming Lay-Off Economics," (February, 1976).